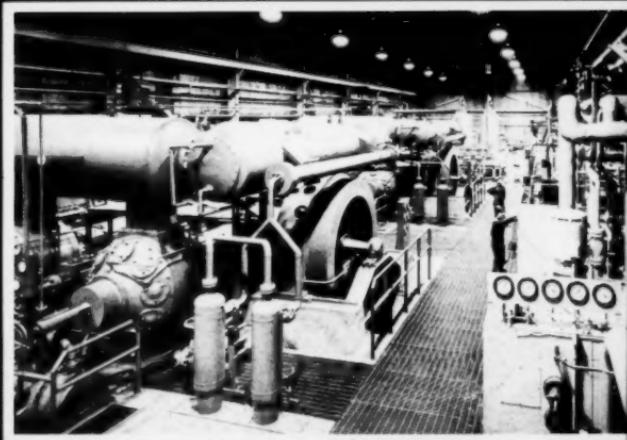


APRIL, 1958

Manage



- **SUCCESS STARTS IN THE SHOP**
- **METHOD CHANGE---A CHALLENGE**
- **IS YOUR CULTURE SHOWING?**
- **INDUSTRIAL RESEARCH PAYS ITS WAY**

5 dollars / year



...from the NMA president

**Report
to
the
Membership**

THEODORE RENSHAW

Every once in a while you find someone who has the same outlook you have. He has the same goals in life and a similar set of standards for reaching these goals.

Recently the NMA became acquainted with another organization which exists for many of the same reasons as the NMA. It is a national organization dedicated to the advancement of business in a free competitive spirit. It is working to educate businessmen in the methods, services and equipment available to them to improve their operations.

After becoming thoroughly acquainted with this organization and its staff, the NMA executive committee and the board of directors voted to work more closely with them.

It was then that the NMA agreed to sponsor, this year, The National Businessmen's Exposition, which will be held in the Great Western Exhibit Center in Los Angeles, California, during our 35th National NMA Conference which will be in Los Angeles at the Statler Hotel.

The National Businessmen's Exposition is a multi-trades show carefully designed as a solution to the many complex economic problems that American and foreign companies encounter in their efforts to meet and sell decision-making personnel in business, finance and industry.

(Continued on page 66)

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MANAGE



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IN THIS ISSUE

April, 1958

Vol. 10, No. 7

One of the biggest headaches for foremen is in getting out a larger and larger quantity of quality production. "Method Change, A Constant Challenge to the Foreman" shows how improvement of production methods is handled at The Standard Register Co. . . . "Is Your Culture Showing?" is concerned with the new slant in management education toward more liberal arts courses; it tells what the NMA is doing to lead the way in this field. . . . "Success at Blaw-Knox Starts in the Shop" gives the supervisors credit for many improvements in this well-known company. . . . "Industrial Research Pays Its Way" discusses the problems of this long-range investment. . . . "Parkinson's Law, and Other Studies in Administration," is a new book which has already made its mark as a satirical study of the corporate hierarchy. . . . "Act on Fact" reminds us that any dismissal of an employee must be fully justified; anything less may backfire.

ON THE COVER: Oxygen generators by Jones & Laughlin at Aliquippa, Pa.

MANAGE is published monthly on the 25th by THE NATIONAL MANAGEMENT ASSOCIATION (formerly The National Association of Foremen) as its only official publication. Entered as second-class matter September 9, 1952, at the post office in Dayton, Ohio, under the Act of March 3, 1879. Printed in the U. S. A. Publications office 230 West Fifth Street, Dayton 2, Ohio. All address changes and publications returned under postal regulation 3579 should be sent to editorial offices in Dayton. Editorial and executive offices: 321 West First Street, Dayton 2, Ohio. Copyright 1958 by The National Management Association. Subscription rates: annual U. S., \$5.00; foreign, \$7.50; single copy, 50 cents. Bulk subscription rates upon request.

CIRCULATION THIS ISSUE: OVER 75,000, DOMESTIC AND FOREIGN.



Washington Report....

....for supervisors

by Stewart French

The middle of April has replaced the Ides of March as the period of fate in the nation's capitol. For 'tis then that supervisors and this reporter and some 62 million other Americans will pay, or at least file, those Federal income tax returns. Also, it's during the same month of April—when we're worrying about paying 1957's tax—that decisions will probably be made about a tax cut for 1958.

Under present proposals, a tax cut, if it takes place at all, probably would be in the form of an increase in personal exemptions, raising them from the present \$600 to \$700. This would be equivalent to a \$100 raise in take-home pay, which is the important kind—for ourselves and each dependent.

Individually, that might not seem so much—only a couple of dollars a week per person in the household. But Sen. Paul Douglas of Illinois, former economics professor who is advocating such a cut, estimates that it would add a whopping \$2.5 billion to the Nation's purchasing power.

And more purchasing power seems to be what the doctor is ordering to keep our greatly expanded economic plant with its multiple "service" services running. It's the other side of the circle from the already greatly expanded productive capacity our country has but is not necessarily enjoying. Idle plants, or plants running at only part of capacity, don't make anyone happy.

1958

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SAVE AND SPEND: WE NEED IT BOTH WAYS

Plans in Washington today for "pump-priming" by the initiation or speeding of huge public works projects, including irrigation and conservation works, contrast sharply with the forecasts last fall when the Russians beat us to the punch in launching their space satellites. Then the prognosticators were prophesying that anything not directly connected with defense and our "fixed" expenditures wouldn't get to first base.

The change expresses the paradox here in the capital that the Administration and Congress are grappling with a defense crisis and an economic crisis at the same time. To deal with the lag in missiles, they want more sacrifice and austerity from the people, but to deal with the economic crisis they are talking about giving them a tax cut.

On the one hand, Washington would like to see the sober principles of John Calvin, the austere religious leader, in operation but, on the other, the government would like to spend its way out of the recession as John Maynard Keynes, the British economist, recommended. It wants, indeed it needs, both self-denial and self-indulgence from the people at the same time, and obviously this confuses everybody, including the harassed officials.

Of course there are strong differences of opinion about a tax cut at a time when the national debt is at an all-time high, proposed government spending at an all-time high, and income declining.

Under such conditions, a cut will mean, of course, a national deficit, and to many classical economists and businessmen, that's a naughty word.

Yet "depression" is an even naughtier one, politically it's significant that one of the primary bases on which the determination of a tax cut or no tax cut will be made is the unemployment figures for March, which will be available the second week in April. If there is still another, or continued, rise in joblessness, it will mean that the recession has gathered enough steam to override the normal March upturn, and that depression is a "clear

and present danger," to borrow a phrase from the language of the courts. In that event, a tax cut is quite likely, both as a dollars and cents and as a psychological shot in the arm.

LITTLE GUY PAYS BIGGEST TAB

However, before the effect of a tax cut, if any, can be felt, we've got to ante up the 1957 tax. Nearly all wage and salary earners are tapped, because the law requires a return from everybody whose income is over \$600 a year (\$1,200 if you're over 65 years old). "Income" means money you get from any source whatever—winning bets, playing cards or the horses, rent from that spare room in your house.

Even if, like this reporter, you usually lose in these friendly little games, you can only deduct losses up to the amount of your winnings. No winnings, no deduction.

Individual income taxes such as you and I will be paying amounted last year to some \$39 billions, almost half of the total take of \$80.2 billion. Corporation taxes, which attract so much attention, came to a little over 50 per cent of the amount paid by individuals, or \$21.5 billion.

Also, despite the poor rich man—who may pay six-figure taxes in the hundreds of thousands—it's the small tax payer who carries the heaviest load.

According to the Director of Statistics, Internal Revenue Service, taxpayers with less than \$5,000 "adjusted gross income" paid 25.2 per cent, and those with incomes between \$5,000 and \$10,000, 37.8 per cent of the total tax take from individual incomes in 1955—the latest year for which such figures are available. That is, persons earning less than \$10,000 a year paid some 63 per cent of the total.

The upswing of incomes, with the relatively better paid groups bearing a larger share of the tax burden, is shown by the comparable figures for 1952. In that year, persons with incomes under \$5,000 paid 31.9 per cent of the total; those in the \$5,000 to \$10,000 group, 31.8 per cent; the \$10,000

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to \$15,000 group, 7.3 per cent; the \$15,000 to \$20,000 group, 4.2 per cent; the \$20 to \$30 thousand, 19.4 per cent. Those above \$30,000 paid only 19.4 per cent of the total.

JOINING UNION NO HELP TO SUPERVISOR

This month's special on supervisors in the national news has to do with one who applied for membership in an employee's union and participated in a strike for reinstatements of himself and an employee he had fired for cause. However, the NLRB, in siding with the striking employees and ordering their reinstatement with back pay, rather pointedly did NOT include the supervisor in the reinstatement and back pay order.

The case was that of the Summit Mining Corp., of York, Penna. Three supervisors, along with apparently a majority of the employees, signed union membership application cards. A couple of weeks later, while a representation election was pending, one of the supervisors discharged one of the union-applicant employees for cause, but the next day refused to sign the discharge statement. Thereupon the supervisor was fired. Several employees, believing—according to the findings of fact of the NLRB examiner—that the firings were because of union activities, immediately struck. They forthwith were fired. A short time later, three of them abandoned the strike and applied for reinstatement, but the management failed to reemploy them for some little time.

The NLRB examiner, in his formal ruling which was adopted by the board, pointed out that there were several precedent decisions of the board in support of the management's contention that, "employees are not engaged in protected activity when they strike to protect a foreman's discharge."

He cited particularly the Fontaine case in which striking employees had been denied NLRB protection because they had struck "not to advance their own interests, but merely to further the interest of their foreman who was believed demoted."

He distinguished this case from the one under

consideration, and ordered reinstatement, with back pay of the non-supervisory employees. His ruling states:

"Insofar as I am aware, the board has considered but one case in which employees quit work to protest the discharge of both a supervisor and a non-supervisory employee. In Solo Cup Co., 114 NLRB enf'd 237 F. 2d 521, 38 LRRM 2784 (C. A. 8), employees quit work for about one hour to argue against the discharge of a supervisor and a rank-and-file employee, and to obtain a "satisfactory" explanation thereof. According to the board, the employees were more concerned with the discharge of the rank-and-file employee than with the discharge of the supervisor, and they also were concerned that their own job security may have been in jeopardy. The board held that the employees were engaged in concerted activities for their mutual aid and protection and that their layoff by the employer was violative of the act. The court, in affirming the board, apparently did not view as significant the fact that one of the two persons discharged was a supervisor, since that person is referred to in the opinion merely as "the other discharged employee."

Applying the applicable law to the factual situation described above, I must reject the respondent's contention that its striking employees were engaged in unprotected activity. I conclude that applicants for union membership who strike to protest the valid discharge of other such applicants are engaged in concerted activities for their mutual aid or protection, although one of the discharged applicants be a supervisor. It follows that the respondent's striking employees were economic strikers whom the respondent was free to replace at any time prior to their applications for reinstatement but that they retained their status as employees and could not be validly discharged for their strike activity. Cf. United Grinding Service, Inc., 118 NLRB No. 13. Their discharge was violative of Section 8 (a) (3) and (1) of the Act."

But as to the striking supervisor—no job, no back pay.

METHOD CHANGE

... a constant challenge to the foreman

by Wilbur J. Alexander

Assistant to the vice-president, Pacific Div., The Standard Register Co., Dayton, Ohio.

THE FOREMAN in a modern industrial plant has many challenges. He has the challenge for instance, of maintaining product quality. If I mention the terms "scrap," "make-over," "reprint" or "per cent defective," I know that it will take many of your minds back to your own plant where these things are constantly reminding you of sub-standard quality. It is the foreman's responsibility to maintain product quality—it is one of the many challenges he has.

He has the challenge of unsympathetic union stewards. It is amazing just how unsympathetic some stewards can be—for instance, toward the end of the shift when they growl, "What are you going to do about this or that problem?" It's just another one of the foreman's problems or challenges.

He has the challenge of people quitting. He has the further challenge of people not quitting whom he wishes would quit.

If he has women employees, he has the challenge of the single ones getting married and taking time off for the honeymoon, and the married ones taking time off to start a family.

He has the challenge of keeping his people from getting hurt on the job. With him rests the responsibility of the departmental safety record.

He has the challenge of people getting mad. Angry would be the grammatical and correct word, but I believe that most foremen with experience will agree that some people get just plain mad.

Above all else, and in addition to these other challenges, he is constantly faced with the job of getting out loads and loads of good quality production. I believe that if you were to evaluate the foreman's responsibilities, and there are quite a few of them, that you would have to put this one at the top of the list.

I state that he is called upon to develop an ever-increasing volume of

good quality production. Are there any rules, any principles, any lines of action, that can be followed to achieve this? Fortunately for you and me, there are. I intend to give you today two and only two basic means for increasing production. There may be many others that you know about, but these two are the ones we have found to be most effective at The Standard Register Company.

Production can be increased by using good human-relations techniques at the foreman's level—The average employee probably looks at you, the foreman, something like this, assuming that you are a good foreman. "Joe is my foreman—being a foreman he is a part of the management and being part of the management, he must be one of several grades of heel—but he is a pretty good heel at that. He's firm, but he's fair; and he is generally in a good mood. He fishes, or he follows baseball or football—or he hunts—he's OK—he's got a job to do."

Foreman a heel?

If you are just a so-so or mediocre foreman, they say the same thing. "Joe is my foreman—being a foreman, he must be a heel," and they stop right there.

What do we mean when we say "good human-relations techniques"? Simply this—a sincere and good-natured interest in the individual employee's life—and I don't mean just his work life either. John A. Patton

was quoted in a recent article appearing in *Dun's Review and Modern Industry* as saying, "What is one of the outstanding factors that differentiates a good steward from a poor or mediocre foreman? It is simply that a good steward has the employee's interest at heart and convinces him of it. This rule of human behavior is so simple and fundamental that we overlook it. If our supervision possessed this characteristic, companies could raise their effectiveness or productivity 10 per cent to 20 per cent."

Let me give you an example of this business of taking an interest in the employee's life. Foreman Joe comes down the aisle at 15 or 20 minutes after the shift has started in the morning.

He approaches one of the men on one of the machines. "Frank, is that as fast as that machine will run—better get the setup man, etc." As Foreman Joe goes down the aisle, you can hear the employee, Frank, mumbling to himself "I bowled a 300 game in the league last night and all that b—— wants to know is whether or not the machine will run any faster." You can bet the steward in the section won't be talking to him about the machine's speed. He will be patting him on the back about the 300 game.

Talk to your people about their life, their hopes and their hobbies. Be sincere, however, or keep quiet. Don't go down the aisle and in pass-

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ing one of the employees say, "How's that new baby girl at home, Frank?" when actually Frank has six kids at home, all boys. As I say, be sincere or say nothing. Know your people, and to a certain degree their families.

Of course, you are not going to spend all day and all week talking to a man about his bowling score. Much of the time, quite naturally, is spent in talking to him about his job, his production and his quality. When you do talk to him about these things, try to develop the habit of selling him rather than telling him. Or better still—consult with him. Ask him what he thinks about this or that situation. Unless he is a man that should have been fired a long time ago, he will probably come up with some pretty good ideas.

As a foreman, be a man—treat your employees like the people they are—they will respond by giving you a good day's production. Bear in mind that this is not a program of softness, or "employees do as you please" supervision. It has always been my belief that employees who cannot be straightened out should be fired, so that you, the foreman, can devote more time to the proper supervision and motivation of the good ones.

There is a limit, however, to this business of getting increased production through the medium of using good human-relations techniques at the foreman's level. Where do you think this limit occurs? We are not at this time ready for questions, but

if we were, I am sure some of you have the answer. The limit occurs precisely at the point where the process is at its peak. In other words, if the employee is applying himself fully to the lathe, to the screw machine, to the press, or to the broom, his production will be limited strictly to the speed of the machine, the availability of tools at the work place, the distance he has to walk, etc. This brings us to the second principle which I want to talk to you about today, and from here on:

The Method Counts

Production depends on method— We at The Standard Register Co. have found that after a climate of good industrial relations has been secured, production does truly depend on methods. If production on a given job is to be changed upward, then the method of doing that job must be changed. If methods are to be changed, they must be studied, examined, and scrutinized. They will not change themselves.

At our company we have found, as many other companies have, that our best approach to method change is the use of the five-step pattern of work simplification developed by Allan H. Mogensen.

Take a situation which needs improvement—Select team— A situation is a job or process where you are interested in increasing production and lowering the unit cost. You probably won't have to look far in your company to find many, many

instances where the situations need improvement. The need for method change in industry is everywhere.

You will notice that we say "select team." This is of vital importance. We are sure after many years of experience with this type of thing that it takes teamwork to solve problems. The members of the team are people who are familiar with the details of the operation.

Select the supervisor

As the captain of the team, we select the supervisor of the department concerned, who acts as the group leader. It does not have to be done in exactly this manner, but we have found that we get good results by letting the supervisor head up the team meetings.

As Coach, we select an industrial engineer who is familiar with this department's work. He takes care of most of the business of making charts, taking movies and getting pertinent facts about the job.

We may have on the team a member or two taken from related departments. These may be departments before or after the department where the job is being studied.

The bulk of the team members, however, are employees who do that particular job day in and day out. We know through experience that they are most familiar with the way the job is being presently performed. Standard Register Co. believes this to be consultative management in action.

Gather and organize all the data— It is extremely important that we get all of the facts concerning the present method. Facts are necessary for a sound analysis of the problem. Facts are best expressed by numbers. Measurement is necessary to show the value of the "better way." In other words, we want to show the distance in feet rather than saying that it is "quite a distance." We want to give the weight in pounds, rather than say "pretty heavy." We want to express the time in minutes, rather than saying "a short time or a long time."

Lord Kelvin is quoted as saying, "If you can measure that of which you speak and can express it by a number, you know something of your subject; but if you cannot measure it, your knowledge is meager and unsatisfactory."

We break down the problem into basic steps. One can best pay attention to only one thing at a time. In order to study the complete problem, it must be put down detail by detail in the order in which it happens. Then it can be studied more successfully. We can improve only that which we have noted.

Bear in mind, and I want to emphasize this, that in step two of the five-step pattern, we think only of the present method. We are not trying to improve anything in this step.

There are various so-called tools which we use in work simplification. There are six of these that we use, and the first one is the flow-process

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chart. This is the most widely used. It lends itself to most types of factory jobs and operations. It is simply an eight and a half x 11" sheet that is preprinted, allowing for the orderly writing down of all the steps and elements involved in the present method. In addition, it further provides for graphic presentation of the operation through the use of the Gilbreath symbols. As I say, we use this more than the other tools in our particular plant.

The flow diagram is simply a rough sketch of the work place so that the members of the group while they are meeting can refer to it and more easily keep in mind the area they are discussing. This is not a fine drawing, but merely a rough sketch made by some member of the group by going to the job and sketching the layout.

The left- and right-hand chart lends itself principally to assembly operations involving usually many small parts. We do not make too much use of this tool in our company, but it is very valuable when the occasion demands this type of accuracy.

The man-machine chart may be familiar—as the title implies, this shows on a single sheet separated in the center by a time scale the productive and downtime of both the man and the machine. This is presented graphically, the operator's time being plotted on one side and the machine's activity on the other.

The procedure flow chart is a tool

that is widely used in the business of paperwork simplification. In studying factory operations, we use this particular type of chart where the flow of this or that form through the department is involved. My company has become outstanding in its field of analyzing customers' paperwork problems by the use of our own brand of paperwork simplification which makes use of procedure flow charts.

Movies vs. noise

The last but not least tool is 16 mm. motion picture film. It is eternally surprising the manner in which a job can be studied by the use of motion pictures. A group of people working on a work simplification problem can observe the details of the job's operation much better when they are sitting in a semidarkened room. Possibly it is due to the fact that most extraneous action and noise is eliminated by the use of the film. The taking of motion pictures in industry costs money, it is true, but it is certainly money well spent when it is used in conjunction with the five-step pattern.

All of the tools I have told you about help to bring the present method into sharp focus. As I said before, there is no analysis in step two—just a presentation of the present method in all of its detail.

Analyze and evaluate data—Here, every detail of the problem must be analyzed by questioning. To do this, it requires an open and unbiased

mind, trying to discover how an improvement can be made. Just because the work is being done in a certain way is certainly no proof that it is the best way. In step three, we think only about how possibilities could work. We don't try to think why something won't work.

Brain storming

In the last year or so you men have probably heard a lot about brain storming. We believe that brain storming is a good thing, but that it is merely step three of our five-step pattern as we use it. Brain storming could possibly at times give you some abortive answers, but we believe by using work simplification that the job gets a good looking at.

First we ask a series of "Is" questions: What is done? Where is it done? When is it done? Who is doing it? How is it done?

Following each one of these "Is" questions, we ask the all-important question "Why?" As Allan H. Mogensen says, "We why the h— out of the present method."

The first question, "What is done and why?" is first asked of the job as a whole. Why is the job done at all? Sometimes the entire job can be eliminated at this point. Naturally, we do not go on spending more time trying to simplify a job that can be honestly eliminated in the first place. One of the important tenets involved in the use of work simplification, by the way, is the assurance to all of the employees who take part that they

will not lose their job because of a work simplification project.

This almost goes without saying, I suppose, but I do want to emphasize the fact that people are not laid off because of making improvements. We do transfer them to other jobs when this occurs.

Next, we ask the "Else" questions: What is done? Why is it done at all? Where is it done? Why is it done there? Where else could it be done? When is it done? Why is it done then? When else could it be done? Who does it? Why does this person do it? Who else could do it? How is it done? Why is it done this way? How else could it be done?

In this step we make a written list of all possible improvements brought out by our questioning of every detail. We try to keep in mind that we are working with facts, not opinions. Also, that we are working on causes—not effects. If your fountain pen leaks, you can put on a pair of rubber gloves when you use it—but this only treats the effect.

Aspirin tablets will give symptomatic relief—they will not treat organic diseases. We constantly remind the people working with work simplification "Work on causes—not effects." This brings us to step four.

Work out a better way—To develop the new method, we study the possible improvements listed in step three. We write down the advantages and disadvantages of each possibility. We evaluate and try out

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the most feasible ideas. In this step, we take the attitude that the present way cannot be the only way or the best way. In step three, we have answered the "is" questions so that we have become familiar with the present method. Also, we have made a list of possibilities in answering the "else" questions. From this data, we can find the "better way." In this step, we answer the following five questions: What should be done? Where should it be done? When should it be done? Who should do it? How should it be done?

We try to eliminate, if not the whole job, certain details of the operation. Failing in this, we try to combine operations or change or improve the sequence of the operation to make them more profitable. In the final analysis, we try to improve the job.

So that the team members are as effective as possible, it is necessary that we teach certain elementary things, such as the workings of our economy and some of the basic laws of motion economy. We give them

a simple definition that motion economy is the science of using the human body with the least possible physical and mental effort. We say "work smarter—not harder." This takes us to the last step.

The last step

Make your proposal—This step is usually accomplished also with the aid of the group. The actual writing of the proposal is easy if the meeting notes and charts have been kept properly. In making up the proposal, we use somewhat the same outlines as contained in the five steps of work simplification which I have given you. Under step one in the proposal, we define the problem. Under step two, we include the information we obtained from the charts and facts about the present method. Under step three we include the list of possible job improvements; and in step four, we show the charts, diagrams and sketches of the better way, and the estimate of savings are included at this point. Under step five, we write a procedure for installing the better way.

The man in the theater was annoyed by conversation in the row behind.
Man (turning to offending patrons): "Excuse me, I can't hear a word."
And one of the women retorted: "Is that so? Well, what we're talking about is none of your business."

Reporter: "The name of that man on the west side who was struck by lightning is Brzinslatowskiwicz."

City Editor: "What was his name before he was struck by lightning?"

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dick ashbaugh



AFTER LOOKING THE NEW YEAR in the eye for several weeks I have decided that it is ours to have and to hold—all 365 days, except the few we've already filtered through charcoal.

Just as I was snuggling down and pulling March up around my ears, I happened to look at the calendar. If there was ever a monotonous publication, this is it. Same old days and months with little pieces of moons grinning around the edges.

There is little that can be done about the calendar, but I want to make one suggestion in a high, squeaky voice. Call me disloyal if you will, snowball my house at night, cancel my library card, but I think we need a new set of holidays.

By an almost screaming bit of luck I happen to have a set tattooed on my forehead. For a small fee I will mail my forehead to any civic group that is interested. Here's an outline of what you will get for your money:

Fish-on-Tuesday. To be observed on the first Tuesday in January. The day will be instituted by presidential proclamation, and at first will have something vaguely to do with fish. Gradually the fish will be ignored, due to lack of ocean frontage in certain states, and the day will become known as Fission Tuesday. All cyclotrons will be thrown open to the public and each visitor will receive a tiny smashed atom to take home and place on the mantel. This will be charged to advertising.

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Anybody's Birthday. February 8. All birthdays will be stapled together and piled in the geographical center of the United States. An innocent, unlettered child, selected from the crowd, will apply the torch. There will be dancing and a bean supper. Heat from the project will be piped into the homes of the needy.

Old-Fashioned Hatpin Day. June 13. This day is for love. All unmarried girls will indicate their favorites by jabbing with hatpins. Streetcar rides will be free and the older folks will stay indoors and talk about blizzards and hot spells.

Leapingforth Shroves. July 10. Not much here except a nod toward our English cousins. Most offices will work until noon, but all employers will observe the time honored custom

of serving baked shroves to the help at 11 a.m. The shroves will be served on paper plates and somebody will have to stay and help clean. I haven't worked that out yet.

Capital Day. First Monday in September. This is a direct trade for Labor Day. Bankers will parade and demonstrate money. Floats will show the various uses to which money can be put. There will probably be street fights but we can't just stand still.

Bunting Sunday. A date in December to be selected. Bunting that would have been used throughout the year will be displayed. Ice cream in hatchet and turkey molds will be served. People will wear costumes, exchange gifts and shoot cap pistols. Great stuff.



"Fine . . . now let's have management's viewpoint . . ."

IS YOUR CULTURE SHOWING?

by Ken Yarber

Management men with liberal arts background are being sought by industry—specialists with the limited view are sometimes left behind, while the man with the broad education—in history, philosophy, literature, the arts—is being recognized for his ability to think in a wide field, and for his knowledge of people—the NMA has recognized this trend, and is doing something about it

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SEVERAL FOREMEN of an Ohio manufacturing firm met for lunch recently and casually began to talk about the local university's new program of liberal education for adults.

"Say, Charley, how're you doing in that course on Picasso and the Modern Cubists?" None of the other men seated around the table laughed.

"Pretty good, Pete. But I'd probably do better in one of the other Great Artists series. Such as Van Gogh and the Post-Impressionists, or maybe the one on Rembrandt . . ." Still no laughs from the other men.

Why? Mainly because they too were enrolled in courses. A quick check of their "after hours" scholastic interests would reveal that one man was studying History of Economic Thought; another, American Civilization, and the third, Political Science and International Relations.

Ten years ago, these veteran foremen would never talk about the great masters of art in public, or in private either. Such subjects then were considered somewhat "sissified." Today, however, an increasing number of

men and women not only talk about culture and the liberal arts but participate in courses to get a better understanding of the humanities. The cultural boom in art, music, literature and education is adding a new tempo to the American scene. The clamor for culture is also influencing the lives of many management men.

Liberal arts is being recognized as the ideal type of training to develop creative men with broad knowledge and a capacity for independent thinking. Today, more than ever before, to be learned in Aristotle, Shakespeare, Beethoven and similar classicists is becoming a requirement for men who wish to succeed in management.

Rumblings of discontent

What type of training should a man have to make the best manager? Ask 10 men that question and you'll get 10 different answers. Some will say engineering—another, selling or finance and accounting. All of these are specialists. "We must hire more specialists!" appears to be the cry of the decade, but there is a rumbling of discontent in the corporate structure. Where, top management is asking, can we get the liberally-trained men for future management positions? One company found an answer: raise your own.

This "do-it-yourself" project of broadening the minds of its management men has been undertaken successfully by the Pennsylvania Bell Telephone Co.

Wilfred D. Gillen, president of the company, feels that the problem of providing a source of such broad-gauged men is "currently the most important problem facing the corporate future."

Gillen developed the Bell Plan by which management men are sent back to college for a liberal education. The 10-months course is crammed with cultural subjects in four major fields of history, science, philosophy and the arts.

"Most corporations spend vast sums in technical study and research. Why not invest in general education?" he asked.

What are some of the results of the Bell Plan? How have these courses influenced the lives and thinking of the participants? Surveys indicate the men have increased personal identity and self-realization and have acquired greater intellectual curiosity and self confidence. The participants feel they are more able to express their ideas and are better family men, citizens and individuals.

"We're not trying to turn business men into connoisseurs of the arts," Gillen pointed out. "Instead, we give them a chance to find themselves and their places in society, to try out their own ideas through reading and discussion with others, and to study under a guided program designed for their needs—of which they may not even be aware."

Gilbert W. Chapman, board member of the Fund for Adult Education,

and president of the Yale & Towne Manufacturing Co., believes that the "cultivated mind is basic for top management."

The cultivated mind

"The problems of an executive become less specialized and more general or basic as the man advances toward the top. The specialist cannot function effectively at the top level of management if all he brings to it is his specialty. At that level, the daily problems call for broad general knowledge, open mindedness, an understanding of human nature, an insight into human frailties, a fairness of mind, clarity of thought—all these beyond the ordinary knowledge of a complex business problem," he said.

He pointed out, however, that the specialist is not excluded from a career in top management, but a specialty by itself is not sufficient qualification. "Let the specialist extend his knowledge into the broader fields of general learning. Then he, too, can move ahead—perhaps even more rapidly than others," Chapman said.

Many other industrial executives also feel that the qualifications needed for leadership in industry are developed largely through a liberal arts education. The purpose of this type of training is to encourage the use of the mind, to have intellectual curiosity, taste, moral strength and imagination and the enrichment of intellect and judgment. This en-

richment is difficult to produce by super-specialized training.

"The levels of management must be manned by people who understand others. This is the key to leadership. How well the executive understands human nature, inside and outside his own company, will be the ultimate measure of his capacity for leadership," one high level executive commented.

The NMA is a leader in management education. Several years ago the NMA began an experiment to develop a new management training technique that uses films. The experiment resulted in the Group Discussion Program now offered to clubs as a regular service. In an effort to meet the current demand for additional educational material and to keep NMA members constantly in touch with the newest trends and ideas, the Group Discussion program is being expanded.

NMA receives grant

NMA recognizes that management men must be provided an opportunity to participate in an educational program in the arts and the humanities. The opportunity to spearhead a fairly new frontier of management education is open, and NMA is planning to do something about it.

In keeping with the definite trend toward the cultural aspects of management, NMA is preparing an experimental program in Liberal Education for Management. NMA recently was granted \$25,000 by the

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Fund for Adult Education, White Plains, N. Y., for this program.

The Fund was established in 1951 by the Ford Foundation as an independent organization to expand the opportunities and improve materials for all adult men and women to continue their liberal education throughout life; it already is cooperatively sponsoring adult programs in the liberal arts in many communities.

The NMA has established a research and development fund to administer the experimental program. Establishment of this fund is expected to open the way for grants and contributions from other organizations for research and development in management education.

Initially, the program will be presented in about 10 NMA clubs throughout the country. The program will consist of group discussions. Wherever possible, lecturers and discussion leaders will be drawn from a university currently presenting the Fund's Liberal Arts Discussion Program in the various club areas.

If the experiment proves successful, the NMA will take steps to introduce the program to all clubs that wish to participate. Then, as the need for more liberal education in management development increases, the NMA will be prepared to provide a steady source of liberally educated men who will inherit the roles of leadership in American industry.



**"Gentlemen, as chairman of the board,
I make a motion we expand . . ."**

success at . . .

BLAW-KNOX

starts in the shop

by George E. Kopetz,
vice-president of production,
the Blaw-Knox Co.

At this well-known company,
supervision is given
responsibility for getting
the job done, and then
given credit...here a member
of top management cites
case after case . . .

FREQUENTLY, I REVIEW surveys of foremen made by various industrial concerns. Some of the foremen say they are not really bosses any more, that they have to be listeners, to be lubricators of human resentments and other sources of friction.

They say they have to be salesmen, in the sense that they must try to persuade the workers to play ball as a team. These things are all true, but the foremen are still the principal influence and control of operating performance.

Foremen may not think of themselves as "executives," but they are, in a very real sense. If to "execute" something is to get it done, then the men who get out the work are executives, and foremen are prominent in this class. We can *find* a market by market analysis, and *develop* it by sales effort. Products to serve the

market can be invented, perfected, and engineered by specialists in these lines. Production and distribution can be planned by experts, but the execution of the plans calls for the vigorous and well-directed performance of physical work. The guidance and direction of the work, with all the training, experience, method, and ingenuity we can muster, is the function of factory supervision, at all levels.

As you well know, we are in the capital goods business. Our products are the tools which other people use to make products or services for the use of the general public. A Blaw-Knox rolling mill or chemical plant will turn out useful goods for sale to consumers, or Blaw-Knox towers or road machinery will provide for an important public service—in either case our products are the capital investment of a consumers' goods industry or a service industry.

I don't need to tell you that we face vigorous competition in all of our product lines. Our survival and success depend on meeting the challenge, both as to price and as to quality. We meet price competition by shop economy, cost control, efficiency in design, general high productivity of effort, and management policy. Our competitive situation at any given moment is an index as to how well or how badly we are handling these vital factors.

Some production men are inclined to think of some of these fac-

tors as being outside their control—therefore they are only remotely concerned with them. They may feel their responsibility very keenly as to labor productivity and cost control, but regard basic design and management policy as someone else's function and someone else's responsibility. I want to impress you, if I can, with the basic importance of our factory work in all of these things. You may not give yourselves enough credit for the profound effect your own performance has on the fundamental decisions in this business.

Briefly, we get into a line of business or stay out of it, depending on the ability of our shops to handle that particular work well. Our only real basis for judgment is your demonstration of ability on other work of similar kind. Once we are in a particular product line, we stay in or get out, guided largely by our success, or lack of it, in manufacturing. While we are in it, we make a profit or we do not, depending on whether or not our factory operation is good or bad. Obviously, we can have faultless factory operation and still fail if we have failures in other branches of the business. But without sound and vigorous factory operation, we simply cannot succeed. It is the primary essential.

I want to stress that in a going business, good management, in many of its decisions, comes after the demonstration of ability and capacity by



the manufacturing divisions. Leadership is one of the functions of management, and we try to exercise it for the best advantage of all of us, but when we lead into a new product line, or out of an old one, we lean very heavily on the facts drawn from shop experience, in preference to unproven prognostications or "derived data." You can get into a lot of trouble, using data that somebody has "derived" or "developed." It is better to refer to a few facts of real experience.

It takes some effort on the part of management to always be guided by the realities, and to resist the pressures of unwarranted enthusiasm or pessimism. We have to recognize that our physical limitations in shop fabrication automatically become design limitations and sales limitations. There is simply no use in selling a product or designing an item which we probably cannot make at all, or can only make acceptably once in ten tries.

Broad range of abilities

It is very tough to keep some of our sales departments on the track, in this regard. Conversely, we fail badly if we neglect to use and exploit all of the capacity and ability and ingenuity we can scrape up, in our manufacturing organizations.

When we fail in this way, every product that comes along is too big or too small, too thick or too thin, too simple or too complex. We "specialize" our product line right

out of existence. When we have a broad range of shop abilities, well known and proven, our design and sales fields are correspondingly broad, and our prospects are good for profitable operation and expansion into new lines.

I want to mention a few cases in which Blaw-Knox supervisors have made good application of the available men and means. In each case, the principles of our "Better Methods" program have been used. We are striving for a consistent, continuing habit of questioning present methods and seeking better ones. In some of the cases, success is not yet complete. This is normal, and healthy, because when we reach the point of having no trouble, progress will have stopped.

On the theory that you are already well acquainted with your own problems, I want to draw some examples from the work of other divisions.

As you might expect, the cutting, forming, and welding of metal continues to be very important in our business, and brings us many of our most challenging supervisory problems. We had the problem of forming, welding and machining two freeze-rolls for a prominent chemicals manufacturer. Each roll was nine feet in diameter and nine feet long, made of Inconel, starting with 1" plate. We had to machine both inside and outside, and keep the thickness uniform between .625 inch and .825 inch, and have an outside finish

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of 16 micro-inches. This was a real challenge to supervisors and workmen.

By analyzing the job in advance, with great planning and foresight, they came through very successfully. One finished drum was .778 inch thick and the other was .800 inch. These had to be uniform in thickness all around, so the buyer's product would freeze uniformly on the surface. The final finish was 12 micro-inches, and every dimensional requirement was met.

The formed shells were supported by spiders during girth-welding, and were re-rolled after welding. Aircomatic welding was used, with Inconel wire and argon gas. One side-issue on this job was contamination of the argon gas, which made trouble in the welding. A new source of gas was found, which cured the trouble. Heads were attached by bolting, and inside and outside machining were done on a large boring mill.

Trouble in the air

Forming and welding and machining are three entirely different kinds of operation, with different problems and different techniques. If we had the world's best men and machines for each class of work, we could still fail if we handicapped one operation to favor another, or if we lavished time or money unnecessarily on one or more of the operations. It is a tribute to factory supervision when one of these composite jobs moves

through as planned, on budget and on schedule.

Incidentally, early trouble with Aircomatic welding at Buffalo has been overcome by applying a lesson originally learned here at Blaw-Knox. A man in our production department, observing the trouble at Buffalo, remembered similar trouble here when intermittent drafts from a doorway upset the welding procedure by distorting the envelope of inert gas. Stopping the draft cured this particular trouble, of course. The cause was a little harder to locate at Buffalo, because a built-in mechanical ventilation system was making drafts at various points in the shop, and some of the machines were not affected at all. But as usual, once the basic reason was understood, we were able to do something constructive about it. This trouble could have been very serious with us, because it could have practically stopped the use of gas-shielded welding in that shop.

Here was a case where prior experience at another plant furnished us a solution, when all the welding skill and competence of Airco and our own shop people couldn't find the answer. Just because a cloud of inert gas is invisible, a good profitable operation was nearly thrown out. It was saved for us by applied experience—one of the most valuable contributions in the whole complex business of factory supervision.

We have tried for a long time to get the benefits of automatic welding on Trukmixers, and we are having

some success with this. We are doing the longitudinal and girth seams semi-automatically, getting an acceptable job, and saving from eight to 10 hours of welding time per mixer. As you know, mixers are a highly competitive item, and it is the aggregate effect of a number of manufacturing issues like this which tells the management whether it has a good sales position in any given item, or not.

Heavy metal challenge

Forming of heavy metal continues to be a challenge, and no end is in sight. Three or four inches used to be called thick metal, and it was a real event here when we offered to build some accumulators five and one half inches thick. The atomic reactor now working at Shippingport has a tank nine feet by 30 feet and 8 and five eighth inches thick, stainless clad, and we foresee high-stress applications for thicker plate.

We have gone into hot-forming on important work, and have had considerable success at it. Some of you will recall the trouble we had here, when heavy plates for hydraulic plungers for two ocean vessels were broken by cold working. We are doing the same kind of work now by hot-forming, at substantial savings in time and money, and without plate damage. Hot-forming requires more steps and facilities than cold-forming, and the demands for preparation and supervision are correspondingly tougher. A lot of ingenuity and

effort have been put on this, by workmen and supervisors alike, and it has worked out very well.

Our first work was improvised, because we had not yet obtained arrangements or equipment for it. Plate was heated in an old annealing furnace, drawn out on a truck, covered with asbestos, and trucked to the rolls or press in another building. With fast work and great care, the results were good, and we are now piling up information and experience. Heating to 1800 degrees gives good forming conditions, and we can do good work down to 1200 degrees.

This is an example of a shop development which has an important effect on design, sales, and our market position. Obviously we can offer a broader and more valuable range of products with such a practice than without it. We can improve design economy, by using heavy plate where we might previously have had to use forgings. We can eliminate expensive welds, by using longer shell courses, and by using one-piece rolled shells instead of two-piece pressed shells. It takes consistent effort to make the most of a development like this. We have to record and analyze data on it, and revise our layout practices and our estimating, because stretching of the metal is much different from that in cold-forming. We find that time used in rolling or pressing is about one-fourth of that used in cold-forming. Because of the hasty handling involved, we have

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found the productivity of labor to be substantially better than in cold-forming.

Some improvements originating in the shops involve the basic features of a product, and reach far back into the fundamental design. One of our large machines, for instance, is now substantially as it was designed by a predecessor subsidiary. There are a number of riveted joints, and some hand welding. Naturally we want to modernize this design and adapt it to permit improved manufacturing economy and greater efficiency generally. It also has a whole train of power-transmission devices, and the practice has been to assemble them to the frame individually, and shim up into alignment. This arrangement was a trouble-maker, in some ways. We expect to incorporate all these items into one power package, assembled as a unit, with simple attachment to the machine. This will get us some major advantages in shop assembly and durability, and certainly will simplify the spare parts and field service aspects of our business.

When we have alert, forward-looking factory supervision, they maintain constant pressure for modernization of design to claim the advantage of advances in manufacturing technique. This is one of the most important influences we have for improvement of existing designs. Our competitors obviously are not going to urge us to improve, and our customers don't care much about us

either, as long as they can turn to some competing line and get what they want. Our success has to be generated within our own organization.

Effective scheduling days

As regards investment, I want to mention our own capital goods and the way we operate with it. All the technical advances we make, which arise from the initiative and ingenuity of our people, take large outlays of money to make them fruitful. Blaw-Knox has many millions of dollars tied up in land, buildings, machinery, tools, and materials-in-process.

Obviously we could put these funds in some safe investment and get a small return. It is better, however, to keep the funds working, as they are working now, in a going business enterprise. The only way I know of to keep capital effectively at work, when it is invested in tools and machines, is by effective scheduling. The classic attitude toward scheduling, in manufacturing departments, is that the sales, engineering, and purchasing departments fritter away practically all of the available time, and then "production" is expected to make it all up by working miracles in the shop.

This sounds like a gripe, and it is, but like most gripes it has a basis in fact. If we can all agree on the facts, and then all resolve to do something about it, we are far down the road to the record of solid success that we

all aspire to. Let's agree that "sales" is important. It has to be done right. That takes time. Engineering is important. Purchasing is important. They have to be done. They take time. If we start at the right time, and do the right things, and follow through as we should, we can allow proper time for proper handling of each necessary step. These allowances of time, no matter what you call them, are a schedule.

In the shops, it is fundamental to know the foreseeable future of each machine and operation, by means of a schedule. We all know, in a broad general way, which machines and operations are tight as to available time, and which are slack. But we have been able to amaze some supervisors, in their own shops, by showing them that some investments they have fought for were practically idle, while adjacent operations were booked so

solid for so long that their own shipping promises were completely unrealistic. I recommend strong continuous attention to scheduling.

Just a word about cooperation. We are better equipped and arranged for mutual interchange of assistance between divisions than ever before. We have had a good many cases of solicitation of expert help from other groups, and we want more of this. The benefits are tremendous, both directly and indirectly. Likewise, our Production Department in the Pittsburgh Office has substantial resources of its own, and it is a central clearing-house for all the fabrication, production and engineering resources of the Company. No one should suffer in silence, with a technical or administrative problem in production. Help yourselves to our service; it will help Blaw-Knox do a better job.

From a speech presented to the Blaw-Knox Equipment Div. Management Club, Pittsburgh, Pa.



Tinkle . . . thud. tinkle . . . thud. tinkle . . . thud . . .

the entrepreneurial

E G O

(Last of two parts)

by Spencer Klaw

Many young presidents like to complain about the way they have had to neglect their families. During the crucial years after launching their own businesses, or while they were struggling to make something out of a small and tottering family enterprise, their typical working day, they recall, ran to twenty hours. "The pressures of building a new business almost destroy a man's personal life," says Lynn L. Bollinger, a former professor at the Harvard Business School who is now president of the Helio Aircraft Corp. of Norwood, Massachusetts. "Even when you're with your family," says another young president, "you may be so damn preoccupied you're not really there at all. You're a rotten husband." The trouble, many young presidents claim, is that they get such terrific excitement from their work. "I had to spend a whole afternoon last week

playing business golf," John G. Berry, president of the Kenilworth Steel Co., Kenilworth, New Jersey, remarked recently. "I like golf all right, but it killed me to think of all the real fun I could have been having at the office."

On balance, however, the young presidents probably have less conflict between work and home than most big corporation men do. Few of the young presidents are still working twenty hours a day; the average Y.P.O. member, a recent survey indicates, now spends only fifty-one hours a week in his office—actually less than the fifty-six hours that is the median (according to a FORTUNE survey of two years ago) of the big-corporation executive. The average young president works hard at his hobbies; characteristically, they are masculine ones—like deep-sea fishing, shooting, sailing—that call for the same qualities, and expenditure of energy, as his business.

Wives of young presidents think

their men don't take enough time off and now that their husbands have "made it" they think it's time they did. "A lot of the wives," says Lyle Spencer, who has surveyed presidential wives, too, "figure the family already has more money than they ever dreamed of having, and they can't understand why the s.o.b. insists on working like crazy to expand the business."

Husband-home-work triangle

This complaint, however, is hardly peculiar to young presidents' wives, and in the husband-home-work triangle they have some distinct advantages over the wives of big-corporation executives. Young presidents' wives are able to share in their husbands' business lives to an extent that is rare for the wife of a professional manager employed by a big company. A few wives even participate in their husbands' major business decisions, and when a young president says "WE decided" instead of "I decided," he is likely to be speaking of his wife more often than a company lieutenant. Many wives, while attending the Y.P.O.'s annual conventions, sit in on seminars and conscientiously take notes for their husbands.

The typical young president identifies himself closely with his own company, and tends to look with suspicion and hostility on anyone who thinks of a company primarily as something to be traded. This atti-

tude emerged clearly at one of the seminars held at the last Y.P.O. convention this spring. In the course of discussion, a successful young Canadian capital-gains operator named John Gardner described his *modus operandi*, in which the cash reserves of one company are used to get control of another company, and the reserves of that company are used to take over a third company, and so on. Some of the other participants in the seminar reacted much as if they had glimpsed the shadow of a hawk.

Most of the young presidents have the urge to build rather than manipulate. "Expansion is a sort of disease with us," says one president. "Let's face it," says another. "We're empire builders. The tremendous compulsion and obsession is not to make money, but to build an empire." The opportunity to keep on pushing ahead is, indeed, the principal advantage offered by the entrepreneurial life. The big-corporation man may possess ability and drive as powerful as those of the entrepreneur, but circumstances beyond his control may, at some point well along in his career, effectively prevent his further advancement. The entrepreneur, on the other hand, has no fear of being "plateaued off" and left to serve out his time in frustration because there is no more room at the top of the corporate pyramid.

Many young presidents are in a position to retire or to cash in their

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chips by selling their companies. "If you can show an earnings record and a good growth potential," says Lynn Bollinger, "all the big corporations are interested in buying your company." But few young presidents are interested in selling out. The president who sells his company, they point out, either winds up with plenty of money but no job, or else, if he continues to manage his company as a subsidiary of the corporation that has bought it, he loses much of the independence he values so highly.

The young presidents think little about retirement, and not merely because they're still young (average age: thirty-nine). "I'd like to retire someday," says one president and owner of a rapidly growing business that grossed more than \$7 million last year. "But first, the company has to get big enough so that it can support a competent executive or operating committee that can really run the business. Then maybe I can sit back and become chairman of the board."

One young president, Herman Kesler, who built American Metal Specialties Corp. of Hatboro, Pennsylvania, does not go along with this view. He has drawn up a retirement schedule. On his fiftieth birthday, only three years away (presidents may remain in Y.P.O. until they are forty-nine), he plans to turn over the presidency of the company to his executive vice-president. Fellow

presidents are skeptical; they suggest that at fifty—or any other age—Kesler will have difficulty relaxing his grip on a company that is his own offspring. Kesler himself concedes that he is a man who likes things done his way; while dining at a restaurant in Venice on a European trip last year, he recalls, he spent a good deal of time in the kitchen showing the chef how to make spaghetti with clam sauce.

Personal isolation

As their companies grow, one of the problems keenly felt by many young presidents is a kind of personal isolation, and this is the chief reason for the strong emotional attachment many have formed for Y.P.O. When it was founded in 1950 by belt manufacturer Ray T. Hickok, the original idea was that it would be a sort of stag hunting-and-fishing club. What young presidents really wanted, however, was to talk things over with people who had the same problems, and this became the rationale of the organization. At their periodic regional meetings and their annual conventions there is plenty of partying, but what draws them are the seminars and lectures. Last year they had three university-level seminars, attended by about 200 members—the first at Northwestern University, the second at the University of Virginia, and the third at the Harvard Business School. (Sample topics: "How to Plan My Work Bet-

ter and Use My Time," "Problems of the Closely Held Corporation.")

The part everybody seems to enjoy most are the bull sessions on into the night when everybody frankly discusses his most important problems. "I don't want to overdo this business about how lonely it is being a president," one Y.P.O. member says. "But it's true you can't really open up with the executives of your own company. They don't see things from the same overall standpoint as you do, and you can't run the risk of ruining their morale by letting them know how worried you are—that is, if you happen to be worried about something. At a Y.P.O. chapter meeting or convention you're talking to people with the same worries, and you can let your hair down. The point is, the other fellows know what you're up against, and maybe they can help you—or maybe you can help them."

How to be boss

In making the difficult transition from company founder to manager of a stable business, the young presidents find they need more help than they had expected. Those who have built their own businesses did not start out with any clear concept of what it means to run a company. They began with an idea for a product or a service, and then within a few years found themselves responsible for the well-being of scores or hundreds of employees. This responsibility, particularly toward their key

executives, is taken very seriously by many of the young presidents, and is often cited as a justification of their determination to keep their companies growing. "I've got several guys who have been growing up with me in the business," says the president of an electronics company. "They can't all be presidents, and if they're to have opportunities for real growth—more responsibility and more excitement as well as more money—I've just got to see to it that the business keeps on expanding."

Many young presidents feel they are regarded by their employees as father figures who can be turned to for advice, comfort, or just a friendly ear. The presidents do not entirely dislike this dependency but they complain that the relationship can make intolerable demands on them. At a recent Y.P.O. seminar, one participant asked hopefully for suggestions on how he could cut down the time he spends listening to employees who just want to chat about new babies, new houses, and other personal matters. The situation was obviously familiar to most of those present.

One president said he had found that when he walked through his plant each day, it helped if he moved very fast so as to give the impression that he was a busy man with no time for idle chatter. Another said he had decided to set aside a short period each morning for informal kaffeeklatsching with his employees, and then to barricade himself behind his

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secretary for the rest of the day. The consensus seemed to be, as one participant put it, with some regret, "If you want to be a good president, you have to make up your mind to be a bit of a bastard."

Perhaps the most difficult problem of the young presidents is the taming of the very quality that made them successful in the first place. As their companies progress beyond the one-man stage, the young presidents often find that in getting good personnel a powerful ego has its drawbacks. Characteristically, they complain of the immense difficulty of finding and training good senior executives, and some of the same presidents who say they have to expand their companies to provide growing space for their chief lieutenants say they can't find chief lieutenants to grow.

In most Y.P.O. companies, Lyle Spencer's survey indicates, the executive team consists of only three or four men besides the boss: an administrator, sales manager, production man, and financial man. The average team member is older than the boss, has less education, and has a salary of \$13,200 a year. He is not, in short, jet-propelled.

What most of the presidents would like is an *alter ego*, a well-rounded executive who can do anything the president can, and this is something of a contradiction in terms. If they do find a man in their own image, he is not necessarily a good lieuten-

ant, and he is quite likely, furthermore, to bolt at the first opportunity and go into business for himself.

Getting younger trainees is even more difficult. The young presidents' companies can't afford to send out recruiting teams to comb the college campuses in competition with the big corporations. Even if they could, most young presidents believe, the effort wouldn't be worthwhile, since not many college students these days are interested in working for small companies. Quite aside from the fact that small companies don't usually offer the cradle-to-grave security of the large corporation, most college seniors don't believe they'll rise as far working for an entrepreneur.

Gospel by Harvard

Some young presidents, hopeful that at least a few college graduates will discover after two or three years that the big corporation is not their dish, are now trying to attract men from big companies. They admit, however, that to succeed they usually have to offer much higher salaries than the big company.

Understandably, some of the young presidents seem a little uneasy and self-conscious as managers of established companies, and they have been looking hopefully to the management gospel preached by the Harvard Business School and practiced by the large corporations. "For the first five years after I started my company," says one young president,

"I was the greatest one-man business you ever saw. Now that's all changed. We don't do anything that isn't in the management bible." A surprising number of young presidents are now going in for detailed organization charts, the systematic organization of internal communications through devices such as formal staff meetings, employment of outside consultants, including psychologists, and other big-corporation techniques. If they can't beat them, the young presidents will join them—part way.

Business too big?

Basically, however, the young presidents remain suspicious of big business. Many feel it poses a serious threat to the free-enterprise economy in which they have flourished. This feeling is seldom expressed in the form of a coherent critique of the structure of capitalism in the U.S., but in discussing the forces from which they believe free enterprise needs to be protected, the young presidents are more likely to bring up big business than big government . . .

In contemplating their position vis-a-vis the big corporation, young presidents complain most vehemently of the difficulties they have had in raising capital to finance their own companies. Youth, they say, now works against a man. "I think there's been a big change in attitude during the past 50 years," says Lynn Bollinger. "The bankers and other people with money to invest

used to welcome the young fellow with good ideas but no capital. Nowadays, it seems, the man who's trying to raise money for his own business—particularly if it's a new one that hasn't got a good earnings record yet—isn't considered quite respectable."

The strident egoism of the young presidents may be rather fatiguing to outsiders, but in a time when a willingness to adapt one's self is regarded as a key to a rewarding business career, it is heartening to come across a group of successful businessmen who wear their ego like a badge of honor. And who are so exuberantly optimistic. While they may talk about tides running against entrepreneurs in general, so far as their own particular company is concerned that's another matter. Of the 600 members who filled out the 1955 Y.P.O. questionnaire, nine out of ten reported that their companies made a profit in 1955, and eight out of ten said they expect to do more business in 1956 than they did in 1955.

Many of the young presidents, moreover, are convinced that the very nature of large-scale corporate organization is hostile to new and daring ideas. There will always be room, they feel, for new businesses—provided they are started by men with the gifts of creativeness, intelligence, inexhaustible energy, and stubborn individualism. In other words, men like themselves.

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Expression

by Louis Rutherford

JUDGE DIETZ, of Moline, Illinois, was a distinguished lawyer. Back in the middle '30's I met him as we boarded the train in Chicago for a four-hour-ride to Moline. I had come from a meeting of the Educational Committee of the National Metal Trades Association, in which we had been struggling with some of the problems of foreman development. I told the judge about our work.

He told me that he was a trustee of his alma mater, the University of Wisconsin. He said that he had been disturbed to learn that engineering students received no training in oral expression and precious little in written expression.

As a law student he had been drilled endlessly in both. Then he said that no matter how much knowledge a man acquires—no matter how well his mind is disciplined—his reputation and accomplishment depend upon his ability to express his ideas.

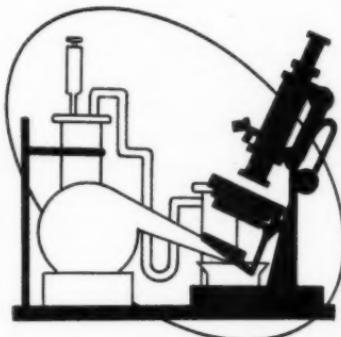
He said that many well-trained engineers were like pumps with mechanisms and inlets of great capacity but with terribly restricted outlets. (He hastened to admit that many lawyers had limited capacity but unlimited outlets.)

Engineers and factory executives need systematic training and practice in expression. They should take and make opportunities for talking to groups, large and small. Their thoughts and reports should be written in simple, clear, well-arranged words. Classes in public speaking and organizations like the Toastmasters Clubs should be faithfully attended. By such practices, carried on endlessly and faithfully, the outlet of the pump can be as fully developed as its inlet—both to the full capacity of the basic mechanism.

INDUSTRIAL RESEARCH

pays its way

Robert P. Ulin



IT IS NOW CLEAR that 1957 will go down as the year when scientific research became big business in the U.S.A. If there were any question about this proposition, the Russian *sputniks* and the frantic rush to put American space research on an equal basis would have swept the doubt away. But even before all this happened, the expenditure for scientific research conducted by private industry was scheduled at seven billion dollars for 1957. This is almost twice as much as was spent in 1953 and equals the total capital expenditures of the manufacturing industry for 1946. It is estimated that products not yet manufactured in 1956 will account for 50 billion dollars of sales in 1960.

Postwar research has already produced notable scientific advances—including the antibiotic drugs, the first use of solar energy and the much publicized work on space satellites. It has also provided us with a fantastic and frightening array of military

weapons, and, therefore, with a wider margin of national security and insecurity, than we could otherwise expect. However, the *economics* of industrial research have received much less publicity than the scientific and military benefits. And as research begins to concentrate more on commercial products, the economics will soon begin to dominate.

Certainly, the economics of *research* are not the same as the economics of *invention*. For the seven-billion-dollar research and development industry of today is not in the hands of individual inventors working on isolated problems. Modern research is conducted chiefly by large companies as part of their other business operations. Sixty-five per cent is now entirely financed by private industry. Such research is related to *industrial* objectives—not to military or purely scientific objectives that prevail for research sponsored by government or the universities. The key question for this kind of research

conducted as a large-scale private investment is: Will it pay?

There is no question whatsoever that research pays—and pays very well—for certain companies. The development of colored aluminum trim for automobiles and aluminum cans for packaging means millions of pounds of new demand for the metal producers. The additional sales will repay the cost of research many times over. The sensational success of "wash-and-wear" suits for men—which outsold all others in the summer of 1957—has so increased the market for Du Pont's Orlon and Dacron that it clearly paid the chemists to devise these "miracle" fibers.

But other questions remain: How well is research going to pay for the newer companies? How much research can the economy effectively utilize? How much over-all sales, for example, will finally result from the seven billion dollars invested in research in 1957? And how many years will it be before these new sales and profits are realized?

The answers to these questions must necessarily be rough and ready. Industrial research on today's scale is something new for any economy. And many of the products to be sold in the 1960s are not even on drawing boards at the present time. However, we do have examples of successful research programs, and it is possible to say something about (1) the time cycle of new product development; (2) the rates of return to be

expected and (3) the necessary conditions of success.

Major companies in the chemical, electrical, aircraft and light metals industries have been conducting systematic research since before World War II. And these companies have worked out a rough time schedule for developing new products. As a rule of thumb, it takes from four to six years of work by the company research department to translate basic scientific findings into specific products that can be sold.

At this point, a pilot plant may be built, and limited quantities of the product will be turned out for about two years—to gain production experience, improve quality and reduce costs. For scientific products, time is needed to apply for a patent on the new product, an action demanding as long as two years under our cumbersome patent procedures. For consumer products, this is the period of market testing—in which limited quantities are tried out for customer reaction.

Thus, in most cases, at least *seven years* will elapse between the start of applied research and the day when mass production of a new product can begin. At this point the company has invested in seven years of research plus new plant and expensive market research and sales promotion before the product has yielded any dollar returns. This is no field for those with inadequate capital or haphazard planning.



The time span from the start of applied research to the beginning of mass production varies, of course, from industry to industry. Military products may be developed in fewer than five years because the government will underwrite the cost of "crash" programs in matters of national security. Similarly, new capital goods are often developed in relatively short periods, because the demand for labor-saving machinery is sufficient to support the cost of concentrated research and development programs.

On the other hand, the development of a really new product in the consumer durables field may well take 10 years or more. Plant facilities to make such products may cost more than 100 million dollars per company. Firms are slow to risk such an investment on a new item. Automatic transmissions for cars, color TV and built-in kitchen appliances all are developments based on pre-war research. Mass production of the turbine auto, wall-size TV and the all-plastic house are still a decade away.

This is because it takes many years to achieve the standardization, mass production techniques and lower costs that permit new consumer durables to "catch on." Consumer incomes grow only slowly, and most people will not give up enough of tried and true things to pay for the "wonder" products, until their price comes down. Companies making consumer durables must count on a long

introduction period and get most of their income from older, standard items.

The rate of return on research is directly related to the time cycle. The returns are usually high where research leads quickly to production, especially in those military projects where the government will underwrite the cost of tooling up. Even when it does not require masses of the new weapons it will pay the extra costs of design and engineering. Sales will be large, even though the profit per dollar of sales is low. And with a government contract in hand, the defense company finds it easy to borrow money.

Long-range investment

At the other extreme are the consumer durables with a long development cycle and a decade or more of patient work on markets before the new product begins to pay. RCA did its original research on television in the 1930s and even color TV has been on the market for several years now. But the pay-off on this new kind of television is still far in the future because there is not a mass market today for color sets. Ford Motor Co. has introduced the Edsel, a completely new automobile, in 1957—but without much chance for a substantial profit in the years just ahead.

In these cases, the companies must regard their expenditure on product development as essentially a long-range investment. It will assure

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them of an adequate share in the mass markets of the 1960s. And since profits are relatively high on consumer durables, *once mass production is achieved*, the investment will eventually pay. In 10 years time, a dollar of research may be repaid tenfold in sales. But this is a long wait. Meanwhile, today's standard products must yield the profits that will support the development of new durable goods over a long trial period.

In between these two extremes is a group of industries where the time development factor is greater than the crash program's five years and less than the decade for consumer durables. Here, research is still fairly close to the old idea of invention, in the sense of discovering something completely new. This group includes the chemical, electrical and industrial machinery industries. It accounts for a very large share of all new patents granted, and research expenditures for some companies exceed their expenditures on new plant and equipment. The result—when research is successful—is exclusive products, on which profit margins are high. Examples are the new synthetic diamonds, the new plastics derived from cheap natural gas, machine tools that double previous cutting speeds, etc.

For these industries, the question of whether research pays is almost an absurd one. Some chemical firms have stated that every dollar of research returns seven dollars in sales—and over a dollar of profits—within five years time. Successful research

pays well enough to compensate these risks and keep total profits moving upward.

New products count

It is difficult to say how the rates of return average out for the manufacturing industry as a whole. However, the McGraw-Hill Department of Economics, which makes regular surveys of research plans, has estimated that sales of new products (defined as products not made in 1956) will account for 13 per cent of total manufacturers' sales in 1960. This would mean over 50 billion dollars of additional demand for manufacturing output and thus would add more than 10 per cent to overall economic activity as measured by the gross national product. If profits average five per cent of sales, they will be 2.5 billion dollars—a substantial return on the seven billion dollars invested in research in 1957. By the early 1960s, this entire investment may well be repaid.

As indicated above, one condition of profitable research is the ability to wait out a long period of development and market testing.

A big company, with ample capital and with large resources for marketing and technical research, is clearly better able to do this than a small firm.

However, there are exceptions. One is in defense work, where the government bears most of the costs of product development and testing.

For these reasons, small companies play an active part in the research of the aircraft, electronics and instrument industries.

Another way that small companies benefit from the research boom is by obtaining subcontracts that develop when a giant company starts producing one of its new products. Many of the small parts on new automobiles—and most of the special tools to make them—were developed by relatively small firms. Du Pont has pointed out that most of the final products fabricated from its new plastics Mylar and Teflon are the work of small companies.

Here the small firm has an advantage because it is closer to the final consumer and quicker to anticipate his special needs. For example, one company devised a way to use Mylar for weather balloons, although it could never have financed the development of the plastic itself. Other small companies took the lead in designing special packages made of plastic for store displays.

The stimulus that research gives to business activity will help small firms as well as large. Indeed the profitable pursuit of research activities may prove the greatest opportunity of this business generation.

Condensed from CHALLENGE, the magazine of economic affairs.



"You've got tired blood, all right . . .
it's fed up with coffee . . ."

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SCIENCE & TECHNOLOGY:

... a boon to humanitarianism?

SCIENCE AND TECHNOLOGY provide the means to help man fulfill his spiritual needs, a leader in engineering education declared recently.

Dr. John T. Rettaliata, president of Illinois Institute of Technology, speaking before a Chicago club on "Sputnik, Science and Humanity," said scientific advances are steadily "moving considerations of good and evil to a top place in the thoughts of men everywhere on the globe."

Explaining that the atomic bomb has vastly widened the choice of good or evil, the educator expressed the opinion that decision to use atomic knowledge for destructive purposes is about to become virtually impossible.

"I think this is becoming increasingly evident, even behind the Iron Curtain," he added.

Rettaliata enumerated material accomplishments of science and technology which, he said, have contributed to a fuller life and provided the means for intellectual attainments.

Science and technology, the Illinois Tech president said, are rapidly creating a new economic order in America, with profound social changes.

The abundant production resulting from science and technology, by bringing more material comforts to more people, has done more "to reduce the festers of class hate and class envy, and to obliterate class distinctions than all the labors of the world's utopian and socialist dreamers," he declared.

"It has always seemed to me that socialism consists essentially of a leveling down process. Science and technology are showing us how all men may be leveled up," he added.

Among other human gains mentioned by Rettaliata as having resulted from advances in science and technology were:

- Revolutionary increases in the number of people owning stock in American industry, currently more than 15,000,000, which are leading to the creation of a "popular capitalism."
- Higher education within the reach of all who seek it.
- Greater freedom of movement, with resultant broadening of minds and spiritual conceptions.
- Widened artistic conception and art in the homes, offices, factories, and articles of everyday use.

- More leisure for creative pursuits as well as entertainment.
- Virtual prevention of social and economic stagnation.
- Vastly broadened choice of occupations resulting from the creation of new industries, new products, processes and techniques.
- Creation of wealth which supports philanthropies totaling more than \$6 billion annually and supports churches, museums, libraries and means of intellectual and cultural advancements.

Science and technology also create the means to protect America's religious and political freedoms, Rettaliata added.

Concerning Russia's sputnik, Rettaliata pointed out that an artificial satellite circling the earth does not in itself imperil national security, but warned that there is a threat to America in a rapidly advancing technology "under a Godless regime that is committed to a program of world domination."

He said this is a challenge that American science and technology must answer.

He expressed belief in the eventual easing of international tensions, however, and added:

"As the world slowly rights itself again in the years ahead through the efforts of right-thinking and competent individuals, I see an increasing measure of spiritual consequences flowing from scientific well-springs.

"Science assures us of boundless increase for the future. It holds the promise of the good life for all. It gives us the means to fulfill man's deepest ideals."

*Girls should not try everything under the sun
to get a husband; the moon is better.*

A dying dictator was stretched out on his bed breathing his last. By his bedside was his second in command, tears streaming down his face. The old dictator patted his aide's hand feebly.

"Do not grieve so, Comrade," he whispered. "I want you to know that because of your loyalty I am leaving you my money, my cars, my plane, my country estate, my yacht—everything!"

"Thank you, thank you," cried the man. "You're much too good to me. Oh, if there was only something I could do for you!"

The dying man boosted himself up a bit.

"There is," he gasped. "Just take your foot off the oxygen tube!"

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PARKINSON'S LAW

---Or How Not
To Run A Business



WORK, AND ESPECIALLY paper work, is elastic in its demands on time. A job like addressing and mailing a postcard might take a busy executive three minutes flat. The same task might leave an elderly lady of leisure prostrate after a day of doubt, anxiety and toil.

This, in essence, is Parkinson's Law.

This newly discovered law has important implications for business executives. For example, a job in your company that two years ago was handled nicely by one man may now require an organization of, say, seven people. It makes no difference whether the volume and need for the work has increased, diminished or even disappeared. What governs the growth is Parkinson's Law.

Prof. C. Northcote Parkinson bases his law largely on two axioms:

ONE—"An official wants to multiply subordinates, not rivals."

TWO—"Officials make work for each other."

Prof. Parkinson is a Britisher and a humorist teaching history at the University of Malaya. When such a man simultaneously puts his tongue in his cheek and his finger on the sensitive nerves of business, the result is bound to be explosive.

In his book, appropriately titled *Parkinson's Law*, Prof. Parkinson mixes spoof with proof that many of the practices (and people) of modern business are, when uncovered, surprisingly negative in their effect.

To illustrate his primary premise, author Parkinson sets up the hypothetical case of a civil servant who decides that he is overworked. Because of the axiom that officials want to multiply subordinates and not rivals, this man does not even consider the possibility of sharing his workload with a colleague. Instead, he demands the assistance of two subordinates. There is probably no instance in history, says Prof. Parkinson, of a man in this position choosing any other course of action.

By dividing his work between two subordinates, the official increases his

own status and remains the only person who can fully comprehend the over-all job that he once handled himself.

Of course, due to the axiom that officials make work for each other, it will be soon found that the civil servant in question and his two subordinates are again overworked because of the time they must spend reporting to each other and coordinating their efforts. Thus, one of these subordinates will demand two assistants of his own, and, in order to keep the original two subordinates on an equal status, a pair of assistants will have to be provided for each of them.

Now there are seven people doing the work that one man did before. Of course, this number will rapidly increase because the seven-man organization will continue making work for itself, continue to be overloaded, and continue to require more and more and more subordinates.

In case any reader of this book should take the position that this hypothetical case is satirical only, author Parkinson supports it with actual examples. He points out that in 1914 the British Navy consisted of 146,000 officers and men, 3,249 dockyard officials and clerks and 57,000 dockyard workmen. By 1928, says he, the number of officers and men had dropped to only 100,000, the dockyard work force had risen slightly to 62,439, but dockyard officials and clerks had expanded in number to 4,558. Further, between 1914 and 1928, the number of British capital ships had decreased from 62 to 20, yet the number of admiralty officials had increased in number from 2,000 to 3,569, thus providing "a magnificent navy on land."

How not to handle a meeting

The tendency of work to expand in proportion to the time available for accomplishing it is only one of the business-relative subjects into which satirist Parkinson delves. Another is the variety of methods used to conduct business meetings. Excerpt:

"A moment's thought will convince us that a Square Table Conference would be something totally different (from a Round Table Conference) and a Long Table Conference would be different again. These differences do not merely affect the length and acrimony of the discussion; they also affect what (if anything) is decided. Rarely, as we know, will the voting relate to the merits of the case. The final decision is influenced by a variety of factors, few of which need concern us at the moment. We should note however, that the issue is actually *decided*, in the end, by the votes of the center bloc. This bloc essentially comprises the following elements:

"a. Those who have failed to master any one of the memoranda written

in advance and showered weeks beforehand on all those who are expected to be present.

"b. Those who are too stupid to follow the proceedings at all. These are readily distinguishable by their tendency to mutter to each other: 'What is this fellow talking about?'

"c. Those who are deaf. They sit with their hands cupping their ears, growling, 'I wish people would speak up.'

"d. Those who were dead drunk in the small hours and have turned up (heaven knows why) with a splitting headache and a conviction that nothing matters either way.

"e. The senile, whose chief pride is in being as fit—or even fitter indeed—than a lot of these younger men. 'I walked here,' they whisper. 'Pretty good for a man of 82, what?'

"f. The feeble, who have weakly promised to support both sides and don't know what to do about it. They are of two minds as to whether they should abstain from voting or pretend to be sick."

This description is followed by a detailed outline of a diabolical method for capturing the support of the committee member who is unable to make up his mind.

Parkinson's law of triviality

Parkinson touches some sensitive business nerves in his chapter devoted to company methods of dealing with fiscal problems. He sets forth his Law of Triviality which, briefly stated, means "that the time spent on any item . . . will be in inverse proportion to the sum involved." He illustrates this law by dramatizing the dialogue in a firm's financial committee meeting. One item on the agenda is a proposed expenditure of \$10 million for an atomic reactor. Since no one understands the reactor or what it is to be used for, especially after the waters have been muddied by an incomprehensible subcommittee report, the item is quickly disposed of (two and one half minutes) through unanimous approval.

Then the committee turns its attention to a proposed expenditure of \$2,350 for a bicycle shed for the use of clerical workers. This is a project and a sum that all members of the committee can comprehend, and comfortably discuss. The discussion goes like this:

"Chairman: Item 10. Bicycle shed for the use of the clerical staff. An estimate has been received from Messrs. Bodger and Woodworm, who undertake to complete the work for the sum of \$2,350. Plans and specifications are before you, gentlemen.

(Continued on next page)

"Mr. Softleigb: Surely, Mr. Chairman, this sum is excessive. I note that the roof is to be of aluminum. Would not asbestos be cheaper?

"Mr. Holdfast: I agree with Mr. Softleigh about the cost, but the roof should, in my opinion, be of galvanized iron. I incline to think that the shed could be built for \$2,000, or even less.

"Mr. Daring: I would go further, Mr. Chairman. I question whether this shed is really necessary. We do too much for our staff as it is. They are never satisfied, that is the trouble. They will be wanting garages next.

"Mr. Holdfast: No, I can't support Mr. Daring on this occasion. I think that the shed is needed. It is a question of material and cost . . ."

The discussion continues for 45 minutes, the members finally trimming \$300 from the proposal and basking in the pride of their achievement.

Next, the finance committee turns to a proposal involving \$57, and they spend 1 1/4 hours debating this. Says Parkinson:

"It would be natural to ask at this point whether a still smaller sum—\$20, perhaps, or \$10—would occupy the finance committee for a proportionately longer time. On this point, it must be admitted, we are still ignorant. Our tentative conclusion must be that there is a point at which the whole tendency is reversed, the committee members concluding that the sum is beneath their notice. Research has still to establish the point at which this reversal occurs. The transition from the \$50 debate (an hour and a quarter) to the \$20 debate (2 1/2 minutes) is indeed an abrupt one. It would be the more interesting to establish the exact point at which it occurs. More than that, it would be of practical value. Supposing for example, that the point of vanishing interest is represented by the sum of \$35, the treasurer with an item of \$62.80 on the agenda might well decide to present it as two items, one for \$30, and the other for \$32.80, with an evident saving in time and effort."

Committee vs. strength

Another topic that has grasped the interest of Prof. Parkinson is the relationship between a committee's size and its effectiveness. Through psuedo research, as well as what appears to be some actual research, he has established the fact that the ideal size of a committee is five members. "With that number," says he, "the plan is viable, allowing for two members to be absent or sick at any one time. Five members are easy to collect, and when collected can act with competence, secrecy and speed."

Due to the "coefficient of inefficiency," however, which is a principle closely akin to the basic Parkinson's Law, committees are destined to grow,

if only for the reason that there is almost always someone who has been excluded who feels he should be included, and it is easier to include him than to suffer his offense.

Thus, a committee in its second stage of development grows to a membership of nine. In the third stage, with 10 to 20 members, considerable drawbacks appear. But in the fourth and final stage (between 20 and 22), a sudden organic or chemical change occurs. Says Parkinson:

Ballooning meetings burst

"The nature of this change is easy to trace and comprehend. In the first place, the five members who matter will have taken to meeting beforehand. With decisions already reached, little remains for the nominal executive to do. And, as a consequence of this, all resistance to the committee's expansion comes to an end. More members will not waste more time: for the whole meeting is, in any case, a waste of time. So the pressure of outside groups is temporarily satisfied by the admission of their representatives, and decades may elapse before they realize how illusory their gain has been. With the doors wide open, membership rises from 20 to 30, from 30 to 40. There may soon be an instance of such a membership reaching the thousand mark. But this does not matter for the (committee) has already ceased to be a real (committee), and has been succeeded in its old functions by some other body."

Here are some other business areas on which Prof. Parkinson elucidates in his book:

The author points out that due to the inexorable working of Parkinson's Law, new personnel must constantly be recruited, and thus the problem arises as to which candidates to select.

"Modern methods," he says, "center upon the intelligence test and the psychological interview. The defect in the intelligence test is that high marks are gained by those who subsequently prove to be practically illiterate. So much time has been spent in studying the art of being tested that the candidate has rarely had time for anything else."

According to Parkinson's research, when you visit a business firm and find its offices in chaotic squalor, this is a definite signal that the company is lively, productive, flourishing. On the other hand, a firm whose offices are clothed in convenience and dignity, with an overpoweringly cultured receptionist, thick carpets and tidy desks, is unquestionably on the point of collapse. The reason for this paradox is that only firms that have outgrown their usefulness have time for the perfection of planned layout. (Turn page)

How to tell who's important at a cocktail party

By an intricate method of computing arrival time and the pattern of movement that guests take through the room at a cocktail party, it is possible to determine who are the important guests, and who are not. For this method, it is necessary to mentally divide the entire floor area into coded squares, and plot the speed and course of movement of the various guests.

The modern method for getting a man to retire, says Parkinson, depends essentially on air travel and the filling in of forms. "Research has shown that complete exhaustion in modern life results from a combination of these two activities."

Parkinson suggests that to get a man to retire, you simply keep him travelling for approximately three weeks out of four, and then make certain that when he returns his desk is piled high with forms of all kinds to be filled out, particularly those headed "Income Tax." In a matter of a few months, according to the author's research, the man will announce his intention to retire.

Parkinson's Law is a book that has a good deal to say to the business executive, despite its light treatment. It can serve as an eye opener concerning the invalidity of some business practices. Although enjoyable, it may strike very close to home.

Reprinted from MANAGEMENT METHODS Magazine; a review of the book, "Parkinson's Law, And Other Studies in Administration," by C. Northcote Parkinson; Houghton Mifflin Co., Boston, 1957; 113 pp., \$3.



"Your wonderful reception leaves me at a loss for words . . ."

AUTOMATION: *fewer people = more jobs?*

AUTOMATION IS AS IMPORTANT to a hospital, bank or insurance company as it is to a guided missile plant or automobile assembly line, Malcolm P. Ferguson, president of Bendix Aviation Corp., said in a speech recently.

The Bendix official said automation's versatile electronic devices mean simply "a new way to accomplishing more things with fewer people in less time."

"Through the whole history of technological advancement runs the constant refrain, the goal of producing more and more goods and services with proportionately fewer people," he said. "And while all this is going on, whole new industries are created which make more and more jobs. Thus the curve of total production, the truest index of material wealth, keeps on going right through the roof."

But automation does not mean merely that we are going to have more mechanical and electronic marvels than ever before, Ferguson said.

He cited the use of such automation tools as the electronic computer in the processing of information essential to running a business, and automation's role in basic research—as in the fields of engineering, medicine and the social sciences—that will enrich practically every phase of human life.

Although automation in the factory may be defined as "The automatic control of automatic machinery," Ferguson said the notion that it will produce unemployment is based on the "myth" that machine production makes man less important in industry.

In the case of two of the nation's most "automated" industries, the dial-telephone system and continuous-flow chemical plants, employment has approximately doubled because larger markets could be served and a far larger number of skilled employees were needed to handle the extra business, he said.

"No machine, however automated, can be trained to meet unforeseen developments or endowed with an understanding of general objectives," he declared. "Photo-electric cells can 'see' certain marks, but they do not possess 'vision.' Judgment, appraisal and imagination still belong exclusively to human beings," he added.

"The chief impact of automation will be to permit continuation of the tremendous improvement in our standard of living that has occurred in the first two centuries of machine production," the Bendix president said. "And to the extent that new capital and new leisure are created, all of the arts and sciences, including medicine, will benefit."



Oliver Management Club, Shelbyville, Illinois

Management Team of the Month



THE COMPARATIVELY SMALL 64-member Oliver Management Club, of the Oliver Corporation's Shelbyville, Illinois plant, made plans this past summer for a big job, and following the planning phase, completed an outstanding civic project.

On June 30, 1957, final plans were completed for the construction of a 52' x 96' exhibition building, which would accommodate up to 160 head of stock for the Shelby county 4-H fair grounds. This was the job picked by the Oliver Management Club's outside project committee as the most worthy of those submitted for consideration. The reasoning behind this decision was the benefit to community, county, and one of the finest youth organizations in the country.

The cost to the management club was absolutely nothing, for the materials had been purchased with money contributed by the citizens and business houses of Shelby county. The project consisted of giving time, effort, and know-how on the part of the members.

It was necessary that the job be completed within three weeks, due to the opening date of the fair. Therefore, the original plans called for the full three weeks to be used in the construction of this large building, with different crews of members working each evening and all day on Saturdays. However, once the job started, enthusiasm over the project reached the point where two to three times the number of scheduled crews were working during the evenings.

With shovels digging, sawdust flying, and hammers pounding at a great rate, the members suddenly found themselves in an extremely surprising situation—the job was going to be completed not in the three weeks as scheduled, but in the short period of only six days from the sawing of the first board to the setting of the last nail.

Some members of the club, who had been scheduled for three or six hours the first week, found they had worked 20 to 25 hours on the project. Other members who had been scheduled for work the second or third



"Sam's
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week, and were on vacation or away from the plant the first week, returned to find no more project work available.

The final audit on the project showed no club funds spent, but approximately 500 man-hours worked; a minimum savings of \$1,000 to the

county 4-H fair association; a fine big exhibition building for the youth of the 4-H, and a feeling of pride on the part of every member of the Oliver Management Club, a little club which had done a big job.

—Ronald B. Phillips,
Past President.



"Sam's Quality Clothing, where Eighth St. crosses Vine, your value headquarters for the best in brands at lowest prices, available on long, easy credit terms, open weekdays from 9 to 6 and Fridays and Saturdays until 9 p.m., would like to relinquish the time used for their commercial announcement to bring you this message as a public service . . ."

LAST YEAR'S GRADUATES

*a survey
of their income
this year . . .*

ONE HUNDRED AND TWENTY-SIX GRADUATES who received the bachelor of arts degree from the College of Engineering in the class of 1957 at Michigan State University are now employed at starting salaries ranging from \$5,451 to \$5,900.

These are the top salaries for members of the class who received the B.A. degree, according to the 1,263 graduates who responded to a survey by the M.S.U. Placement Bureau. They are higher than the range of \$4,535 to \$5,335 for the engineers in the class of 1956 as listed in last year's survey.

Eight hundred and twenty-six men and 437 women responded to the post-graduation survey of the class of 1957. Graduates with the B. A. degree listed the following range of starting salaries, listed by colleges from which the degrees were received:

Agriculture, \$4,404 to \$5,683; Business and Public Service, \$3,550 to \$5,533; Engineering, \$5,451 (civil engineering) to \$5,900 (metallurgical engineering); Home Economics, \$3,726; Science and Arts, \$3,550 to \$5,580 (geology); Veterinary Medicine, \$3,667 (women) to \$5,000 (men); Education, \$3,814 to \$4,500; Communication Arts (Speech and Journalism), \$3,545 (women) to \$4,641 (men).

Graduates were asked to list, in order of importance, the three most important factors that caused them to accept their present position.

"Relationship of work to completed education," was the chief reason listed by men graduates and "location" of place of employment was most important to the women. "Salary" was third on both lists.

Both men and women graduates interviewed at the Placement Bureau indicated the number of interviews they had, and 89 per cent of the graduates stated that the job or training program was properly outlined at that time. Most graduates took one to five interviews.

BUSINESS NOTEBOOK



by WILLIAM M. FREEMAN

WITH THE DOWNTURN IN BUSINESS slowed a bit by the normal spring rise, there's this comfort in the gloomy picture: At least the threat of inflation is not so strong. There's always danger, of course, that bidding for goods will inflate prices, but goods aren't wanted so much with jobs fewer and money scarcer, so you can forget about inflation for a while.

We owe quite a lot, and the inflation bogey draws substance from the total. It's around \$44 billions in all—installment credit, single-payment loans, charge accounts and so on—which means that a good many families are still paying for the car, the television set and other things. There's more reason to buy goods if prices stop acting like—

Satellites

—going into orbit. The business men who have faith in the future can be spotted easily. They're the ones who are investing in advertising and promotion for their wares, pointing out that prices are attractive and that the merchandise offered has quality.

It's true (although a good many gloom-and-doom economists have overlooked the fact) that while work weeks are shorter, overtime has

been cut or has disappeared and consumer purchasing power has been reduced, there are still large amounts of cash ready to come out of hiding if bargains are offered. Here's a—

Tip off

—on the trend in business, traditionally stimulated by new home formations, which is the economist's way of referring to love, romance and marriage.

The best opportunity for marriage in many decades, considered from the angle of what it costs, will be this year, 1959 and 1960, in the view of Theodore H. Silbert, president of Standard Financial Corp. It is his idea, based on careful study of what's going on, that couples getting married in this period will find houses, appliances, furniture and other necessary items for starting a home in the

greatest supply and at perhaps the lowest prices for some time.

After 1960, the picture will change, according to his reading of economic statistics. Along about then the war babies of the early Forties will begin maturing and mating, and that will mean shortages of housing, appliances and household goods, and also higher prices. They'll want automobiles, too. The automobile industry is—

A key factor

—in the national economy, and people aren't buying '58 models as had been hoped. The result is a cutback in factory production, and fewer jobs; a slowing of orders for steel and other materials, and again fewer jobs, and a drop in sales, and still fewer jobs in distribution.

The same story is true in all sorts of consumer durables. The laying off of workers all along the line, in one industry after another, is adding up to a contraction in wages and salaries, lower personal income, longer delays in paying bills—and a mounting recession.

There's a bright spot, though. When inventories of all sorts of items drop far enough, building of stocks will be essential, and then jobs will start mounting.

Want to help? Put in an order for a new car, or, if a new car isn't needed, sign up for an automatic toaster. We are all involved in how the economy fares. It is—

Not just Wall Street

—getting in trouble, as if "Wall Street" was something apart. When you speak of Wall Street and the capitalists, chances are you're talking of yourself and your neighbors. Nearly 9,000,000 persons own shares in *publicly-held* American companies. Women outnumber men as stockholders; there are 4,445,000 women and 4,175,000 men who own stock. Two-thirds of the stock-owning population have family incomes of less than \$7,500 a year, which indicates that owning a share of American business is not just for the wealthy but for the great masses.

All of this information comes from The New York Stock Exchange, which notes also that over 1,800,000 shares have been bought under its Monthly Investment Plan, by which a customer can pay in so much a month, or every three months, and own the equivalent in shares of whatever company he chooses. There is still plenty of—

Room for growth

—despite all the forebodings. Here's a business opportunity: In Switzerland 90 per cent of all mustard is sold to consumers in metal tubes. Cream cheese and butter also are put up in tubes, although not as much in volume as mustard. In Sweden all sorts of food products are packaged in tubes, among them fish and meat spreads, caviar, catsup, cream, honey, jellies, preserves and chocolate icing.

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The figures come from the Collapsible Tube Manufacturing Council, which represents producers of metal tubes in this country. The group believes that American food packers are missing a good thing by not taking up the easy-to-use containers as is done in Europe. Our use of the tubes is confined for the most part to toothpaste (now being sold also in squeeze-type containers) and to shaving creams, cosmetics, medicinal items and the like.

Last year the industry in this country made well over a billion of the tubes, which the Council says are not only light in weight, sanitary and durable for semi-fluid products, but are also all but automatic in dispensing their contents.

Perfume

Bad weather, wars and fashion affect the supply and the price of the essential oils that go into perfume. Supply goes sharply down or up, and prices gyrate in tune with shipments. So this country is trying to become independent of foreign suppliers for the raw materials of its perfumes.

Foundation work is being done in a classroom-laboratory in Newark, N.J., where a dozen students, all of them chemists and perfumers, are taking a graduate course at the School of Chemistry of Rutgers, the state university of New Jersey, with

the hope of eventually working out synthetic substitutes for the perfumes.

Dr. Donald B. Denney of the School of Chemistry, who is teaching the course, commented that many perfumes nowadays call for combinations of 30 or more items, so that the successful perfumer must have a highly-trained sense of smell.

An important aspect of this precedent-breaking Rutgers course is that behind it is the New Jersey perfume industry, which represents a \$25,000,000 segment of the state's economy. The industry hopes by its financial help in sponsoring the instruction to encourage staff chemists to further study and to attract younger men to the field.

Other industries dependent on supplies from abroad, plagued by shortages or oversupply, along with high prices or dumping, might watch the progress at Rutgers.

For the southpaws

Here's a public relations gesture worth copying: The Trade Bank and Trust Co., which operates three branches in New York, has come out with a left-handed checkbook. The stubs and the binding are on the right, and the book folds from the left. Chances are the bank will soon enroll all the southpaws in the city, whose trade has long been snooted by a right-handed world.

*"Does your son play on the piano?"
"No, he can't climb that high yet."*



ACT on FACT

by James Black

UNDER THE PRIVATE SYSTEM of law that regulates management-employee relations at a unionized plant, discharge may be regarded as capital punishment. It is the ultimate penalty a company may impose. Therefore, when it determines to inflict such a punishment, management should be well aware that the burden of proof is on the company.

In other words, it must be able to convince an outside umpire that the act of the employee merited his dismissal; that there were no extenuating circumstances that might mitigate the severity of the discipline, that its executives and supervisors acted objectively, consistently and fairly in handling the case.

This puts it squarely up to the supervisor. When he fires a man he must have the facts to make the firing stick. And he must be able to present those facts in an open hearing where he can be cross-examined. If it can be proved he acted hastily, showed bias or bad temper, or that the punishment he meted out was inconsistent with past practice, he will find that the majority of arbitrators will either reduce his penalty to a lay-off, or reverse it entirely.

So you won't talk?

This was the problem that faced Joseph Walters (name fictional), a supervisor at a midwestern manufacturing company.

Here is what happened. Foreman Walters fired an employee—we'll call him William Edison, for insubordination. The dismissal of Edison was the culmination of a series of incidents between the employee and his supervisor. But, to understand the case clearly, we must go back to the beginning.

William Edison had been on the company payroll about a year when he was terminated. For a while he had done good work, but then he became careless and sloppy. On several occasions he failed to oil equipment for which he was responsible.

Edison had been warned of his shortcomings repeatedly. Supervisor Walters had discussed his performance with him and urged him to change his attitude toward his work. But Bill Edison was unconcerned. Finally, after a particularly flagrant breach of maintenance procedure (Edison had forgotten to oil a gear box on a conveyor, which caused it to lock), he was given a five-day lay-off. His foreman hoped this punishment would persuade Edison to take a good look at himself, and to do a better job in the future.

On the day Edison came back to work after his lay-off, Foreman Walters asked him, "Do you think you can come back to your job, Bill, and do it right?"

Edison didn't reply. Three times the question was repeated. Still there was silence. The foreman said, "We will talk about this further. Report to my office in 45 minutes."

Edison came to the meeting accompanied by his shop steward. There was some conversation. Accounts vary as to exactly what was said and who said it, but the meeting ended when Foreman Walters remarked, "Bill, I think your attitude is wrong and your job performance poor. In the best interest of the company I am making your five-day lay-off a permanent one."

Argument of management

The issue is simple. Was Bill Edison properly discharged?

On the record, he was not too competent an employee. On the record, he was surly and uncooperative. Still, had his conduct been so extreme that he deserved dismissal? Bill Edison didn't think so. He filed a grievance. Eventually it came before an arbitrator.

Management's case was direct and to the point. It argued: "Edison has a year's seniority. His failure to do his job the right way led to repeated warnings. (Unfortunately, management had no official record of these warnings and no witnesses to verify them except Foreman Walters.) Eventually he was given a five-day lay-off as punishment. When he was restored to duty after his suspension, his foreman asked him if he was now prepared to do his work properly. Instead of answering, Edison challenged management's rights by turning his back on his foreman and refusing to discuss the matter.

"This was deliberate insubordination and deserved dismissal. But it should be remembered that Mr. Walters acted with due consideration. He

didn't make a decision on the spot. He refused to be baited into hasty action. Walters asked Edison to report to his office in 45 minutes. This gave the foreman time to think the matter over. When he considered Edison's attitude at the meeting, his total record as an employee, and his final act of insubordination and defiance, there was no other alternative. Edison had to be terminated in the interest of plant discipline."

The union presents its case

The union defended its member. "Edison's record prior to his discharge has no bearing on the case at hand," it argued. "It is very clear that the employee was dismissed, not on his record but for refusing to answer his foreman's questions regarding the justness of his lay-off. Edison refused to answer the questions, not because he wished to challenge management's authority, but because he knew from experience that his supervisor was quick-tempered and that any discussion of the incident might lead to more trouble for him.

"Actually, Edison believed he had been punished unfairly in the first instance when he was laid off. In fact, he intended to file a grievance on that matter. So he thought silence was his best course when he was queried by Mr. Walters. He did not want to say anything that would hurt the settlement of his grievance. The foreman had put him on the spot and he didn't know what to do. Therefore, to discharge him for a minor act of courtesy is not within the proper scope of 'just cause.' He should be reinstated with full seniority and with full pay for all the time he has lost."

Reasoning of the arbitrator

There you have the argument. Was Edison fairly treated? Did his foreman fire him on a technicality? Did Edison really intend to file a grievance over his lay-off? Or was that merely an after-the-fact argument he used to justify his silence? Sounds like a soap opera, doesn't it? Shall we see what the arbitrator had to say?

"Neither the company nor the union," observed the arbitrator after hearing the case, "should misunderstand my view of the basic principles of industrial discipline, which are both accepted and respected in my decision. The company must run its plant efficiently to remain competitive. Its supervisors must have authority to eliminate the unfit from the work force. That's fundamental. But management's right to discipline is limited under the 'just cause' provisions of the union contract. The company cannot fire on whim. The employee is entitled to every safeguard of the agreement. The grievance procedure guarantees the worker that he is entitled to face his accuser, that he can be represented by his union shop steward, and that he

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is assured in the final decision that his punishment is consistent with his offense."

Then the arbitrator made a point that is very significant to any supervisor who must decide whether or not to terminate an employee. He said, "Because of the severity of the punishment of dismissal, the majority of arbitrators and the courts of law place the burden of proof on management to sustain it. A company in its operational decisions is impersonal, objective. It carefully weighs its actions to make sure they are justified by the principles involved and by the facts. Today, industrial relations and personnel must be accorded the same intellectual treatment. These are the facts of modern industrial life."

Briefly, this means a foreman is expected to prove beyond the shadow of a doubt the guilt of an employee whom he dismisses. He must also establish that the penalty is completely in line with the offense, and that it is consistent with plant policy.

Did Foreman Walters prove his case? Let's see what the arbitrator decided.

The arbitrator's decision

"The record is clear," observed the arbitrator, "that Edison was terminated first because he refused to answer the supervisor's questions, and later because of his attitude in the interview he had with the supervisor in the presence of his shop steward. The company admits its reason for dismissing the employee was due to this incident. Management did not base its case on his total record. A company is, of course, justified in treating a final altercation as 'the straw that broke the camel's back,' and common sense tells us that Mr. Walters had the entire history of the relationship of the employee and the company in mind when he acted. The employee's official past record in this case consists of one five-day lay-off, the propriety of which set in motion the events leading to this discharge. What else the employee did prior to the five-day lay-off was not considered worthy enough by the company or the supervisor to be recorded officially. Therefore, my decision is based on whether or not Mr. Walters was justified in dismissing the employee for what he did on the day he was terminated."

"The employee Edison was wrong in refusing to answer his foreman's questions. Ignoring the questions of a superior is rude and insulting. It is disrespectful of authority.

"There is a conflict in testimony on how the question was phrased. Mr. Walters says he asked it this way: 'Bill, have you changed your attitude, and do you think you can do your work better?' Let us assume that to be

true. Then let us consider the conditions under which the question was asked.

"The employee had just returned from a five-day lay-off. He had been at work only a few minutes. The history of his relationship with the foreman indicated a certain personal difference of opinion. So if the employee had answered 'Yes,' he would have been admitting guilt and jeopardizing the outcome of the grievance he intended to file because of the lay-off. If he had said 'No,' he would have been provocative. The only answer he could have given was, 'Mr. Walters, I do not want to discuss the matter except in the presence of my shop steward.' Even that answer might have provoked discharge. But the employee would have been clearly protected had he given it.

"However, the supervisor did not discharge the employee on the spot. He wanted time to think the matter over. Forty-five minutes later the employee and his shop steward appeared at the supervisor's office. During this interview words were exchanged. Evidently the shop steward said something to suggest that the foreman did not always act promptly to protect the company's interest. The foreman at that point angrily inquired 'Didn't you thank me in a sarcastic manner when you got your lay-off?' The employee denied this and his supervisor called him a 'liar.' Tempers were obviously at a boiling point. And it was then that the employee was fired.

Viewing all the evidence

"I have to view the evidence as a whole. Admittedly, the grievant was wrong in not giving the one possible answer to his foreman's question about whether or not he had changed his attitude and how he proposed to do his work in the future. That answer: 'I do not care to discuss the subject except in the presence of my shop steward.'

"But I also suggest that the foreman could have anticipated the employee's response. Moreover, his handling of the interview in his office was not up to the highest standards of objectivity and dignity which management must maintain."

"Briefly, there was error on both sides. Therefore, one side cannot be entirely penalized for mutual fault. I observed the foreman when he testified. He appeared to be honest and very conscientious in the carrying out of his duties. It is perhaps this sincere desire to get at the truth and get things settled promptly that made him impatient. We can understand this. But the broader view that modern supervision must assume requires that the foreman's objective of training a better employee must be realized by a less

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emotional technique. Therefore, it is my finding that the employee William Edison be returned to his job with no loss in seniority. He shall be penalized, however, by a lay-off not to exceed 10 days."

What about foremanship?

There you have the story. Whether or not you agree with the arbitrator's decision, you will admit that he made some telling points on the duties and leadership responsibilities of today's foreman.

Where did Foreman Walters go wrong? First, he said he warned employee Edison on a number of occasions that his work was inferior and careless, but he kept no written records of these oral warnings. Evidently, too, he had no management witnesses to verify them. What's more, he failed to give the employee a written warning at any time. So he didn't have the facts to prove his case.

Obviously, Foreman Walters was on the side of the angels when he queried the employee about his job attitude on his return from the five-day lay-off. But his timing was not of the best, and his question was poorly phrased. It was Mr. Walters' job to know his men. Apparently he did realize that Bill Edison was an employee whose attitudes left much to be desired. So what sort of answer could he have expected to his question? An admission of guilt? A defiant "No!"? Or a refusal in so many words to discuss the question without union guidance? A little thought on the subject would have shown the foreman he was leading with his chin.

Mr. Walters did show judgment in refusing to act on the spot and firing Edison forthwith. But he scheduled an appointment with the employee, an appointment he should have known would also be met by the union steward, an appointment which would very likely lead to fireworks; and he made no effort to have other management representatives present. In this he gave the employee the edge. For Edison had a sympathetic witness. In fact, he had an ally—his shop steward. How much better off Foreman Walters would have been had he gone to the personnel department or to his plant manager prior to the interview, discussed his problem and secured objective advice on how to handle it. That way he would have avoided the trap he stepped into and probably would have had another company representative present when Edison and the shop steward came to his office.

There is no apology for Edison. Apparently he was an incompetent, disrespectful employee who deserved to be fired and escaped that penalty on a technicality. Certainly, too, the faults of the foreman in this case were very human faults. But that's why being a supervisor is such a difficult job and why smart management makes certain that its foremen are thoroughly

grounded in the technicalities of labor relations. They have to know how to practice human relations under the terms of a union agreement. Of course, it is always better to deal with a worker on a man-to-man basis if you can, but if he forces you to go by the book it is important that you know what's in the book and follow it before you act.

(This case is based on one described in the LABOR RELATIONS REPORTER.)



**"I don't care too much for their system of
handling paper work . . ."**

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How WOULD YOU HAVE SOLVED THIS?



by Lloyd P. Brenberger

NOTE: To be considered for \$10 cash awards and certificates of special citation, all solutions to the problem must be post-marked no later than May 10, 1958. Address your solutions of no longer than 500 words to Editor, MANAGE, 321 West First Street, Dayton 2, Ohio.

PROBLEM No. 26

Stretch A Point?

During the recent decline in business, it was necessary for the Ugat Company to reduce their hourly-rated payroll by some 10 per cent. The company's contract with the I. U. E. contains a clause providing for severance pay in the event an employee is separated from the employ of the company for *any* reason. However, one of the eligibility requirements is that an individual must have worked some part of at least 25 weeks since July 1st of the last year. Three of the men affected missed qualifying under this provision, but by only two weeks. Herman, their foreman, told each man that he would see to it that they would receive their separation pay, because he understood it might be a tight squeeze before they found employment elsewhere. Herman literally "flipped" when he learned that industrial relations had denied their applications. "Boy! you can't get anyone to back up a decision around here," Herman said, as he told his boss about the situation. If you were Herman's boss what would you have said, or done?

(Remember the deadline: May 10, 1958)

THIS WAS SUPERVISORY PROBLEM NO. 23

Sam sat at his desk looking over a group grievance that had just been submitted and thought to himself, "How in the world can I stop this one?"

The grievance read like this:

"We the undersigned demand to be paid at our average hourly rate of \$2.37 an hour because in the past that was what we made. Them new men on the shake-out crew are holding us up—causing us to get paid less money than usual."

Sam had recently been required to replace two of the three men on the shake-out crew due to a minor reduction in force and consequently had to accept inexperienced operators. He knew that in time their effectiveness would increase and bring the entire crew's earnings back to normal but he also knew this would not be a satisfactory answer. Can you help him?

MANAGEMENT IS LOSING

*By Mike Duda,
Harbison Walker Refractories Co.,
Grantsville, Md.*

Sam can help himself by getting the men together and explaining to them the problem facing him. This I would do as follows:

"Men, I know that because of the shake-out crew you are making less money than in the past. Because of this you are not entirely satisfied, and neither am I, but I also have another reason to be dissatisfied. While you are making less money, management is also losing money because of the lower production caused by the shake-out crew. Now, you men understand that the reason the shake-out crew was changed was because of the reduction in the working force. I cannot do too much as far as the shake-out crew is concerned if I am going to abide by the contract between labor and management. We certainly do not want to forget about the contract and infringe on

THE WINNERS

Here are the best solutions to the supervisory problem No. 23. The winners have received checks for \$10 each and a handsome two-color Metit Award certificate suitable for framing.

the seniority rights of the men. Now, we know that as soon as the shake-out crew gains the experience they need, you men will be making the same amount of money you formerly did and so will management. Let's agree on a time-limit that we figure will be suitable to both of us, and give these men a chance to prove they can do the work. If by that time they haven't brought the crew's wages up to normal, we will have to make some other arrangements. If you men have some other suggestions to offer, I certainly will be willing to hear them, as long as we stay within the contract."

Explaining these problems to the men is often a solution in itself. If they understand the problem from all angles, they may come up with solutions of their own, beneficial to both management and men. Getting a time-limit for the men to prove themselves would give these new men a chance to gain the experience they need and would solve the problem facing Sam.

AMPLE IDLE TIME?

*By Antone P. Pathe,
Lima, Ohio*

Sam is faced with a primary decision. He must risk a grievance if he hopes to allow the new men on the shake-out crew sufficient time to develop a better pace and increase their effectiveness, or he must temporarily boost the rate of production of the shake-out crew to balance the operation of the other men in the crew.

Sam realized that the former alternative would not satisfy his men; therefore,

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the only remaining problem is to decide upon the most effective method of balancing the work flow through this "temporary bottleneck."

One possible action is to add a temporary person to the shake-out crew. However, due to the cut-back, this is economically unfeasible, and it is difficult to estimate the extra amount of time needed to balance the work flow.

But since the work flow is presently operating below the pace desired, there must be ample idle time available within the remaining members of the crew. Thus it appears possible that the present men who are idle can devote some time to overlapping their jobs and increase the over-all pace.

Therefore, I feel that it would be possible to call the entire crew into a short meeting. Explain the position of the company in that no one else can be hired on the shake-out crew, and then propose the idea of working the entire crew—on a temporary basis—as a team, with a minimum of overlapping necessary to improve the overall pace and improve everyone's earnings. It may be possible to have the man directly before the shake-out crew aid these men whenever the work begins to backlog, and so on back along the line.

Certainly a grievance will not result in a guarantee of average wages, particularly since it was a cut-back which forced this situation. In addition, it is entirely possible that the balance of the crew may be reduced to balance the pace (even though this would reduce desired production).

Thus, it would be to everyone's advantage to work as a team, even at the expense of temporarily overlapping some jobs. This will result in direct increases in earnings restricted only by the effort of the entire crew.

FABLES AND FOIBLES

By C. F. Thomallo,
Hughes Aircraft Co.,
Tucson, Arizona

A colt being broken to the plow cannot pull the load of those already trained. Yet, is the colt to be denied his fill of oats for this? Is it not true that the colt may even consume more fuel because of his inexperience at the plow? So with man—and the replacements made by Sam.

If expenditure of energy were measured in either case, it is likely to be found that the new employees burn much more than the old—those who filed the grievance as a group.

Here is an excellent opportunity for Sam to reveal his capacity for handling grievances by strength of reason and an appeal to the humanity of the group.

The group is to be reminded that they, too, were new one time, that the old men then helped them with their load, patient with their newness and inability to produce their share till they learned facility. The group is to be reminded that the slow-down on the line need not continue long if they will help the new men as they once were helped before they became the old—that the more help that stems from them, the quicker will all get back to normalcy in production and in pay.

Professor Brenberger, who writes the problem for "How Would You Have Solved This?" and judges the entries of contestants, is head of the Department of Industrial Engineering of the University of Dayton. He is a graduate of the General Motors Institute and has had wide experience in industrial relations and engineering. In recent years he served as a project supervisor for a secret Air Force and Navy research program. He spends part of his free time conducting a specialized management development training course, which he organized for Air Force reserve officers.

REPORT TO THE MEMBERSHIP *(Continued from page 2)*

The Exposition combines every interest of businessmen into one gigantic, visual, educational, institutional marketplace. It is designed to assist and facilitate their knowledge, their efficiency and their health in their everyday conduct and operation of business.

Through NMA sponsorship of this big, important exposition, the NMA will gain many new friends from the fields of business and industry. Many thousands of persons in management will visit the National Businessmen's Exposition and will become acquainted with NMA through this medium. The establishment and presentation of such a show is indicative of the dynamic forward progress of management men dedicated to the improvement of business operations.

I hope each of you will take the opportunity to visit the Businessmen's Exposition while you are in Los Angeles for our 35th National Conference, October 22-25, 1958.



NMA CLUB ANNIVERSARIES

APRIL: 15 years—Foremen's Club of Greater Cincinnati; Clark Transmission Division Management Club, Jackson, Mich.; Ilco-Lockwood Management Club, Fitchburg, Mass.; Rocky Mountain Management Club, Denver, Colo. 10 years—Acme Industrial Management Club, Chicago; Ryerson Management Club of Chicago; Sherwin-Williams Management Club of Chicago; Los Angeles TWA Management Club. 5 years—Eaton Valve Division Management Club, Battle Creek; Ethyl Management Club, Houston; Hussmann Aircraft Management Club, St. Louis.

May: 10 years—Hillerich & Bradsby Supervisors' Club, Louisville, Ky. Five years—Cannon Electric Management Association, Los Angeles, Calif.

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TELE-MANAGE



The nation's first coast-to-coast closed-circuit television program on management development was viewed March 6 by thousands of NMA members and others interested in improving their managerial capabilities... based on decision-making, the show, live from New York, featured twelve outstanding authorities in the field. Frank J. Shaeffer (above), director of industrial relations for National Tube Division of United States Steel and president of the Association in 1938-39, appeared on the program. Harold F. Meyer, Socony-Mobil Oil Co., Brooklyn, NMA Zone F vice-president, used his experience as a terminal superintendent to illustrate that portion of Tele-Manage concerned with communications between the supervisor and his employees... Fifty-two cities were included in the national closed-circuit network.

Report to the Membership	2	Theodore Renshaw
In This Issue	3	
Washington Report	4	Stewart French
Method Change	9	Wilbur J. Alexander
In One Year and Out the Other	16	Dick Ashbaugh
Is Your Culture Showing?	18	Ken Yarber
Success at Blaw-Knox Starts in the Shop	22	George E. Kopetz
The Entrepreneurial Ego Expression	29	Spencer Klaw
Industrial Research Pays Its Way	35	Louis Ruthenburg
Science and Technology	36	Robert P. Ulin
Parkinson's Law	41	Dr. John Rettaliata
Automation: Fewer People—More Jobs?	43	Management Methods
Management Team Award	49	Malcolm P. Ferguson
Last Year's Graduates	50	Oliver Management Club
Business Notebook	52	A Survey
Act on Fact	53	William M. Freeman
How Would You Have Solved This?	56	James Black
	63	Lloyd Brenberger

